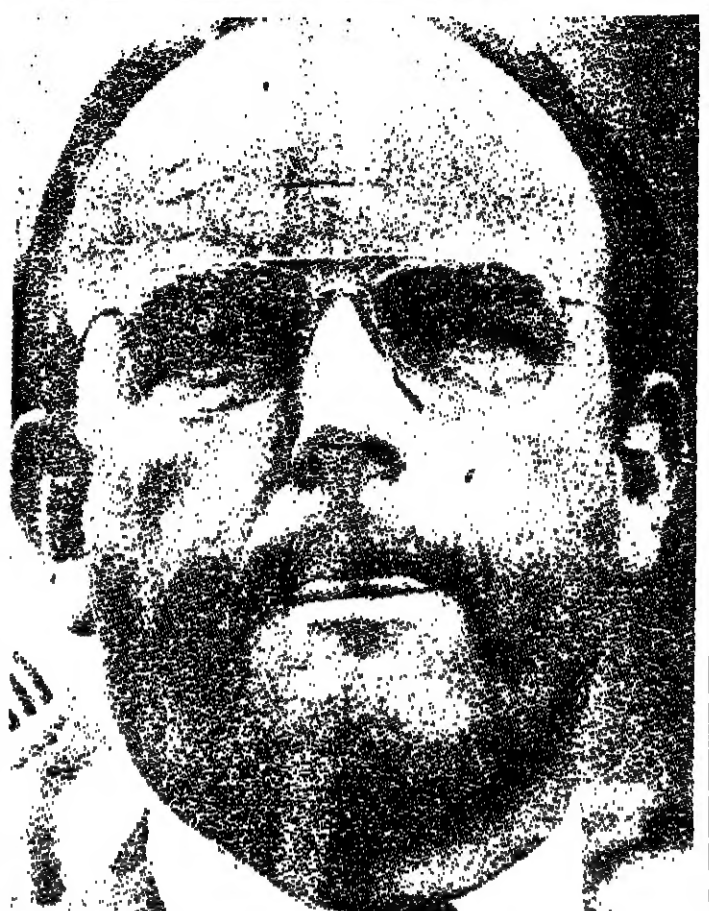


John Ehrlichman, former close Nixon aide, is jailed in 'plumbers' case

What the judge described as his position in the "shameful break-in at the rooms of the White House" and his role in the "plumbers' case" was yesterday sentenced to between 20 months' and three years' imprisonment. Gesell said at the end of the

trial in Washington that Mr Ehrlichman, formerly one of President Nixon's closest advisers, had held a position of the highest responsibility. The White House, he said, had tried to "get" Dr Ellsberg for releasing the Pentagon papers. This had been done with Mr Ehrlichman's approval.



Mr John Ehrlichman outside the court after his conviction.

...ed Emery...
...tion, July 21...
...John Ehrlichman, once...
...Nixon's virtual "deputy...
...for domestic policy...
...sentenced to between...
...and five years'...
...ment for his crimes in...
...others' break-in at the...
...Dr Ellsberg's psychia...
...Gesell said at the end of the...
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...House, he said, had tried...
...to "get" Dr Ellsberg for...
...releasing the Pentagon...
...papers. This had been...
...done with Mr Ehrlichman's...
...approval.

Lughe indicted for fraud

...a company that at one time...
...had a value of \$40m (£16.8m),...
...but which collapsed and led to...
...the disappearance of Mr Barr...
...after he apparently wired closed...
...to a Swiss bank account.

Mr Benn announces plans for nationalizing shipbuilders

By Peter Hill

The Government committed itself yesterday to nationalizing shipbuilding and its associated industries of marine engine building and ship repairing. The announcement, in the Commons by Mr Wedgwood Benn, Secretary of State for Industry, was described by the Shipbuilders and Repairers' National Association as a "body blow to the industry".

'The Government believes that necessary changes will not come about while the industry is privately owned'



Mr Benn: Industry's record attacked.

...that the industry would be...
...unable to compete effectively...
...in the world market unless...
...there were changes in manage...
...ment methods and working...
...practices allowing a more effi...
...cient use of resources and...
...unless there was much invest...
...ment and modernization, funds...
...for which were unlikely to be...
...available from private sources.

...among other possibilities, will...
...be determined during discus...
...sions. After his statement, how...
...ever, Mr Benn told a press con...
...ference that the downward trend...
...of the industry's performance...
...was "quite unacceptable". The...
...Government wanted to avoid a...
...repetition of the old "Herbert...
...Morrison nationalized industry...
...with the creation of a much...
...more flexible organization.

Whitelaw warning on Jenkins isolation

By George Clark

Mr Whitelaw, chairman of the Conservative Party, yesterday commented on the speech made last Friday by Mr Jenkins, the Home Secretary, warning that Labour must appeal to the "moderates" among the electorate rather than commit itself to left-wing policies.

Turks shell Greek Cypriot villages in breach of ceasefire accord

From Paul Martin

Nicosia, July 31. The United Nations confirmed tonight that the Turks had broken the Geneva ceasefire agreement by shelling two Greek Cypriot villages at the western end of the Kyrenia mountain range.

...their ban on United Nations...
...convoys bringing relief supplies...
...to stranded Greek Cypriots in...
...areas over-run by their forces.

Government announces tea subsidy

By Patricia Tisdall

A further food subsidy announced by the Government yesterday may reduce the retail price of a quarter-pound of tea by 2p. The subsidy, which will cost about £15m during 1974-75, is likely to offset expected price increases and may even bring prices below present levels.

...Mrs Williams, Secretary of...
...State for Prices and Consumer...
...Protection, intends to introduce...
...the subsidy soon after the be...
...ginning of September.

Government rejects call for quiry into NHS cash

...lasted for two hours. It was...
...another two hours before an...
...agreed statement was issued...
...from 10 Downing Street.

Police storm caravan to free doctor and social worker held hostage for 24 hours

A doctor and a social worker were rescued by police officers yesterday after being held hostage for nearly 24 hours in a caravan by a man.

Unsettled stock market falls to new low point

By Business News Staff

Equities on the London stock market suffered another setback yesterday in the face of further disturbing reports from industry and mounting City uneasiness regarding the health of insurance companies.

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Meteorology 27 Wills 16
- This summer you can fly to any of these destinations direct from London. Also from Manchester to Paris.
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in cooperation with British Airways
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HOME NEWS

National minimum wage of £30 a week sought by Transport and General Workers' Union

By Alan Hamilton
Labour Staff

A campaign for a national minimum wage of £30 a week has been launched by the Transport and General Workers' Union, Britain's largest union.

The TGWU, which until recently had £22 as its minimum wage target, is seeking the support of the Government, TUC and CBI to win what it describes as the "end of low wages".

A closely argued 24-page document compiled by Mr Jack Jones, the general secretary, and a team of researchers from Ruskin College, Oxford, is being sent to the TUC and the TGWU's officials and negotiators throughout Britain.

Low pay will be one of the main items for debate at this year's Trades Union Congress in Brighton, although motions so far submitted avoid specifying a minimum figure.

In a foreword to the union's document, Mr Jones says the determination to wipe out low wages is one of the less publicized aspects of the "social contract" between the unions and the Government. In spite of all the sympathy for the low-paid, the only improvements secured so far have been through trade union organization.

The support of the community generally is needed for a great campaign to lift the vast mass of our low-paid workers above the poverty line. The rapid increases in the cost of living emphasize the need for urgent action.

"I believe that the figure of £30 minimum for a normal week (without overtime) should be accepted as a target by the TUC and the CBI and the Government, and every means used to secure its introduction generally by collective bargaining, and where necessary mediation or arbitration."

There was no substitute for strong trade unionism, but government backing was needed to secure the extra push in the badly organized industries and sectors where wages were low.

The first step should be an attempt to secure a negotiated agreement on the figure between the TUC and the CBI. "There is no doubt that if the two central forces of capital and labour could arrive at an understanding, government support (certainly from a Labour government) would be forthcoming."

The first step, Mr Jones suggests, should be to include a clause in the Government's coming Employment Protection (Consolidation) Bill which would apply to a ruling from the new Conciliation and Arbitration Service where it felt that an employer was undercutting the prevailing level of wages.

Although the Government is generally sympathetic towards the question of low pay, ministers have always been careful to avoid mentioning a specific national figure. Mr Foot, Secretary of State for Employment, has accepted the TUC target of £25 as a figure to be aimed at in collective bargaining, but that is not necessarily the same as a national minimum wage.

Mr Booth, Minister of State at the Department of Employment, told the Commons recently that the basic cost of giving all workers a minimum wage of £25 a week would be £1,400m a year, or 3 per cent of the national pay bill. The real cost would be higher, he said, because of pressure from higher-paid workers for the maintenance of differentials.

The TGWU calculates that to introduce a £30 minimum wage would add 1.4 per cent to the national pay bill if applied to men, and 5.4 per cent if applied to men and women.

Union arguments in favour of a £30 minimum are based largely on the Department of Social Security's calculations of supplementary benefit needs. A married couple with two children can receive £30.19 a week in social security, even without additional allowances for clothing, heating, and the like.

"The most equitable, helpful and efficient approach would be to raise minimum wage levels until they were at least comparable with the standards laid down by the state", the document states.

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Father Julian examining damage to Blackfriars Priory caused by one of three small explosions at Oxford early yesterday.

130,000 stroke sufferers need aid

Far more could be done to rehabilitate the 130,000 stroke victims living at home, 93,000 of whom have suffered severe handicap with paralysis of limbs and speech disorder, a report from the Royal College of Physicians said yesterday.

Too often stroke victims get only half an hour of physiotherapy and 10 minutes of speech therapy, Dr A. N. Exton-Smith, secretary of the working party that produced the report, said yesterday. Studies had shown that two-fifths of young victims returned to work after intensive rehabilitation therapy and only one-fifth if they were given much less help.

The incidence of stroke, a study had shown, was two in every thousand, which meant that there might be at least 100,000 new cases every year. Nearly a tenth of general hospital beds were occupied by people who had suffered a stroke.

The sufferer and his family after his discharge from hospital did not get the support they deserved from the medical profession and from the social services.

The annual incidence of stroke rose rapidly with age. In the 35-44 age group it was 0.25 in 1,000, at 65-74 nine in 1,000 and at 75-84 20 in 1,000. About half the victims died in the first few weeks. Stroke units should undertake studies on rehabilitation.

Report on Strokes (Royal College of Physicians, 31 St Andrew's Place, London, W1, 1SP).

Scots should run their own economy, report says

From Our Correspondent
Edinburgh

Scotland should have her own government, with powers over many areas of economic policy and able to go her own way, separate from a Westminster, the Scottish Council Research Institute said.

In a report on economic development and devolution, the institute said there was a need for radical departures in economic policy for Scotland.

It supported the idea of an elected assembly and said a Scottish government should automatically receive half of all North Sea oil profits. Even more legislative and executive responsibility than was envisaged by the Kilbrandon committee was required.

Its members suggested a Scottish Cabinet, a development corporation to promote industrial development, and a body to report said that present regional policy was too narrow.

Specific Scottish policies from budgetary and taxation measures to fields such as transport, construction and the nationalized industries were needed.

Differential policies on such a scale will not be carried through effectively by the central United Kingdom Government and there is no alternative to placing the power to implement them in a body which relates directly to a Scottish political base.

A Scottish government, "should be able ultimately in cases of disagreement with the Government of the United Kingdom to go its own way or to take countervailing action in a related field", it said.

The practical outcome of any negotiations on economic management should normally be in favour of Scottish proposals unless the United Kingdom economy would clearly be significantly damaged.

Widow gets £76,000 in biggest damages award

Mrs Gillian Murray, aged 37, of Lyndhurst Gardens, Finchley, London, mother of four daughters, was awarded £76,935 damages in the High Court yesterday for her husband's death in a road crash.

The sum is the highest award made in this country to a widow, nearly £12,000 higher than the previous highest.

Her husband, Alan, a senior company executive, had been a man of outstanding qualities, intellect and personality, with bright prospects of success in commerce and industry.

He was a passenger in a stationary car near St Albans, Hertfordshire, when it was struck by a coach. He never regained consciousness but lingered on for more than four years until he died, aged 36, in April, last year.

The award, with costs and interest, was against the coach driver, Mr Geoffrey Shuter, of Mere Road, Leicester, and the coach operator, N. & S. Coaches, Leicester Road, Oadby.

At yesterday's brief hearing under section 1 of the Criminal Justice Act before Mr Horowitz Maitland Coley, the Wolverhampton magistrate, the Prime Minister's name was not in the list of 35 witnesses read out by Mr Philip Oton for the prosecution. It had been suggested after a court hearing last month that Mr Wilson would have to be called to prove the alleged forgery.

Mr Milhinch faces charges alleging that he had forged a document purporting to be a letter to the Prime Minister from Douglas Hailey, a well-known Conservative MP, in which Hailey was alleged to have written a letter to the Prime Minister, signed by himself, in which he had been suggested after a court hearing last month that Mr Wilson would have to be called to prove the alleged forgery.

Mr Milhinch, an insurance broker, aged 37, was granted bail in his own surety of £5,000 and two others of similar amounts conditional upon his reporting to the police every week.

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WEST EUROPE

W German warning that Berlin office crisis affects détente

From Dan van der Vat
Bonn, July 31

The crisis in relations between West and East Germany over Bonn's decision to site a new Government agency in West Berlin was the main topic at a two-hour Cabinet meeting today.

Herr Genscher, the Foreign Minister and Deputy Chancellor, presided in the absence of Herr Schmidt, the Chancellor. He maintained the atmosphere of drama by saying that the situation was "very serious".

The decision to open the new Federal Office for the Protection of the Environment in West Berlin has led to sharp protests from the East Germans, supported by the Soviet Union. They claim that the move contravenes the 1971 four-power agreement on Berlin.

Last week, the East Germans said that they would prevent employees, equipment and documents destined for the office from using the transit roads across East Germany.

But instead of causing delays by questioning all vehicle drivers, the East German authorities have carried out an occasional spot check. On Monday night, they found a West German civil servant on his way to West Berlin to take up a post at the new office, and ordered him to go back to West Germany. His family were allowed to continue their journey to West Berlin.

The office will have no difficulty in reaching West Berlin by air. Bonn regards the East German tactics as a contravention both of the four-power agreement and the East-West German transit agreement. Discrimination against any group of persons on the transit routes is not permitted.

The dispute has led the United States to delay setting up its embassy in East Berlin. Talks with East German representatives in Washington on this have been broken off. Britain and France, which signed the four-power agreement with the

United States and the Soviet Union, also support the West German stand.

The ambassadors in Bonn of the three Western powers have said in a joint statement that the opening of the office is fully in keeping with the four-power agreement.

The four-power agreement has an annex in which the three Western signatories say that West Germany should be permitted to "maintain and develop" its connections with West Berlin, though the city was not part of the Federal Republic and could not be governed from Bonn.

The decision to open a new agency of the Bonn Government in West Berlin is seen in Moscow and East Berlin as neither maintaining nor developing existing links, but as adding new ones.

Bonn's request to East Berlin for a meeting of the Joint Government Commission on the transit routes for tomorrow had brought no reply by the time the Cabinet meeting ended.

At the meeting, Herr Genscher linked a satisfactory resolution of the dispute with progress in détente between East and West.

A Bonn Government spokesman also said today that the East German tactics could have an adverse effect on follow-up agreements to the General Relations Treaty between the two states, which is now being negotiated.

Meanwhile, a West German worker, aged 24, from a border town has disappeared after climbing a fence between the two states in a fit of bravado.

Witnesses who saw him climb over the border minefield a week ago said that he had been beaten and dragged away by East German border guards. There has been no word about him from the East Germans since, beyond an official complaint accusing the West German authorities of having engineered the incident as a deliberate provocation.

EEC and France disagree on cattle premium

From Our Own Correspondent
Paris, July 31

Mr Pierre Lardinois, the European Commissioner for Agriculture, had a two-and-a-half-hour meeting yesterday with M. Christian Bonnet, the French Minister of Agriculture. He told the minister that the decision of the French Government earlier this month to grant a premium to cattle breeders constituted a breach of Community regulations.

"It is a serious problem. From the juridical standpoint, we cannot accept it," Mr Lardinois said, after the meeting.

Mr Bonnet, in part, emphasized that the French measure was exceptional and designed to meet an exceptional situation. He maintained that the premium was not contrary to the rules of the Community.

It did go against the rules of preference, unity of market, or unity of price. It did not constitute an encouragement to the development of production or an obstacle to trade in meat products.

It was designed to supplement the income of a category of farmers affected by a serious crisis in consequence of the Community's continuing policy of admitting imports of meat from third countries.

The minister said that the affair should not be dramatized. He agreed with Mr Lardinois that they should meet at the end of August to review the position again.

Mr Lardinois pointed out that the Commission had set in train a procedure under Articles 92 and 93 of the Rome Treaty. It had asked France to justify its measures.

Mr Lardinois said that the Commission might take place on the agricultural situation in the Community. The impression in Paris is that the matter will not go to the court.

France is not the first member country to have taken steps to protect its agriculture, nor will it be the last. In French opinion the Community through its policy, and not France because of its counter-measures, is the obvious guilty party.

WEST EUROPE

French Cabinet puts off penal reforms as two more prisoners die

From Charles Hargrove
Paris, July 31

Two more prisoners died at the prison of St Martin-de-Ré in Brittany and about 21 were injured, two of them seriously, on the eve of today's Cabinet meeting which was to adopt the much-hailed Government plan for penal reform.

This has been at the root of much of the unrest in French jails, both by prisoners and, more recently, by warders in the past fortnight.

The men's deaths last night appear to be due to a settlement of private scores between prisoners, but the roughness with which the riot police intervened, firing tear gas at point blank range, was responsible for the high number of casualties.

A press conference to have been held this afternoon by M. Jean Lecanuet, the Minister of Justice, to announce the reforms was cancelled at the last minute. It is probable that the Minister did not obtain from the Cabinet the endorsement of one of the more important aspects of his plan—the upgrading of the pay scales of warders to bring them to the same level as those of the police.

In view of the growing unrest among prison staff, which has been responsible for a wave of protest strikes by warders over the past 48 hours, the opposition of the Finance Minister to the pay increase could have very serious consequences for the security and running of French prisons.

The toll at St Martin-de-Ré is a forebode of what could happen if riot police and gendarmes—using a method which places greater emphasis on force than on persuasion—were to take over inside penal establishments. M. Lecanuet could legitimately feel that he had been let down.

A meeting of the Council of Ministers yesterday had failed to give the Minister of Justice satisfaction on the issue of pay for prison staff. It is not the warders' only demand, but it is considered by them as the acid test of the Government's intention to proclaim its determination to reform French prisons without providing the money to make this possible.

They also want to see a preoccupation by the Government with their working conditions and not just with those of the men they are supposed to guard.

But all the warders were offered was an up to 3 per cent increase in their "risk premium". It is "a pittance

which we refuse", representatives of the warders, unions declared after an unsatisfactory meeting at the Ministry of Justice last night.

Today's Cabinet meeting decided not to promulgate a plan of reforms but to create a special commission which would study a number of issues.

This includes the reduction of detention pending trial to a maximum of six months for minor crimes; preference to be given to fines and other sanctions over short terms of imprisonment; the pay and working conditions of prisoners and their rehabilitation; and the abolition—except in the gravest cases—of the prison record, which is an obstacle to obtaining decent work on release.

The Cabinet also decided that discussions should go on with the prison staff unions in order to improve pay and working conditions.

It is obvious, from President Giscard d'Estaing's remarks that the Government does not want to give the impression of acting precipitately, or of forcing to the pressure of prison agitation by announcing immediate measures. It has to think of public opinion, which will turn increasingly hostile to any reform if prisoners continue to ransack their prisons.

"I was anxious", the President declared, "that for the first time there should be a junior Minister for Penal Affairs in order to carry out the necessary reform of prisons. This indispensable reform will take place. Everyone must know it."

"The present disorders, instead of facilitating it, complicate the task by creating in public opinion an unfavourable current, and by provoking among prison personnel, whose cooperation is indispensable to the reform, that is why this reform will be carried out with determination, but in calm", he emphasized.

It remains to be seen whether the Government's decision today to set up a commission will be enough to reduce the explosive tension in the prisons. The President's good intentions are not in doubt, but budgetary restrictions and the conflicting preoccupations of M. Pompidou, the Minister of the Interior, are bound to prompt serious doubts, especially on the part of those waiting impatiently behind bars and reduced to smashing up everything to draw attention to their demands.

For the past 25 years there has been talk of reforming the prisons. The Government may be right in feeling that it cannot act under duress. But it has to give some tangible proof that it really means to act this time.

Sweden loses fourth Saab

Linköping, Sweden, July 31.—A Swedish Air Force Saab Viggen jet fighter today crashed near Linköping, killing the pilot, a week before a delegation from four Nato countries was to arrive to evaluate the aircraft.

The crash, the fourth involving one of the 12.2m short take-off jets, is another blow to Sweden's aircraft industry.

Soviet cellist plans to travel

Nice, July 31.—Mstislav Rostropovich, the Soviet cellist, arrived here last night with his wife, Galina Vishnevskaya, and their daughters, Yelena and Olga.

I am not going back to the Soviet Union for two years", Mr Rostropovich told reporters.

Joint aid plan on oil

From Our Own Correspondent
Brussels, July 31

Representatives of leading oil consumer nations today claimed they had reached agreement in principle on an ambitious scheme to share oil supplies during future energy crises.

But at the end of a three-day meeting in Brussels, it was clear that a number of important difficulties have to be overcome if the oil-pooling scheme is to be workable in the autumn, as planned.

Vicente Etienne Davignon, Belgian chairman of the 12-nation energy coordinating

'Lorry bomb' parked at Elysee Palace

Paris, July 31.—A man threatened to blow up a lorry he claimed was packed with petrol and explosives outside the Elysee Palace today during a cabinet meeting.

After 30 minutes of tense bargaining with officials, the man, who agreed to drive away and was later arrested. Police said no explosives were found in his lorry.

The man, named as M. Deso Fonagy, said he wanted M. Andre Larroque, France's Environment Minister to study an anti-pollution device he had invented to curb car fumes.

The lorry was parked about 50 yards from the front door of the Elysee but the Cabinet meeting, presided over by President Giscard d'Estaing, went on. Mr Rostropovich told reporters.

33 Spanish priests face excommunication threat

From Harry Debellus
Madrid, July 31

The Archbishop of Zaragoza, Mgr Cantero Cuadrado, threatened to excommunicate 33 priests in his diocese for supporting a fellow priest, it was reported in Madrid today.

The 24 parish priests and nine others were placed under threat of the maximum canon. Father Wilberto Delso, who had defied the authorities in demanding more compensation for his parishioners whose lands were requisitioned for the construction of a new dam.

In addition to the 33 priests, 10 Roman Catholic organisations publicly expressed their support for Father Delso. Their representatives signed a joint letter saying: "We are greatly concerned by what is happening and it hurts us to discover that once more you are suffering from measures which

impede and even annul the possibility of the moral development of the Christian community and the attitudes of dialogue and service in keeping with the Gospels."

Mgr Cantero Cuadrado, who is 72, is a member of the Spanish Parliament by personal appointment of General Franco, and a member of the Council of the Realm.

He also banned all meetings of the faithful in his diocese to discuss the affair of Father Delso, whom he relieved of his parish duties. In a contrasting development, the Archbishop of Madrid, Cardinal Enrique y Tarancón, paid a fine of 100,000 pesetas (£741) which the police levied without trial on a Madrid parish priest for a sermon he delivered on July 20. He was fined under the Public Order Law for alleged subversive agitation.

OVERSEAS

Nixon aide hints at appeal for quick trial

From Fred Emery
Washington, July 31

The prospect that President Nixon might try cutting short his agony, and further degradation, by urging prompt House impeachment in the hope of acquittal from a speedier Senate trial was given new urgency today.

Mr Patrick Buchanan, a presidential speech writer, told a breakfast gathering of American reporters this option had "not been ruled out". He hastened to add, according to those present, he had not discussed it with the President himself, but had it from another source.

Official White House spokesmen reacted warily, saying only that the President was "aware" of Congressional attitudes; aware, too, it was a "dynamic" situation in which his support had slipped.

Mr Buchanan's suggestion was not disclosed, however, as the White House officially abandoned its pretence to absolute confidence the full House would vindicate the President.

Spokesmen, prompted by General Alexander Haig, Chief of Staff, now averred "we're not naive, we're realistic about the House".

Several senior House Republicans later reacted angrily. Representative Robert McClell, a Republican on the Judiciary Committee, who proposed impeachment article III, described the by-pass idea as "very offensive" and "demeaning".

The admission of White House desperation by Mr Buchanan came after last night's devastating televised inquisition on Mr Nixon's income tax underpayment and Government expenditure on his homes.

The House Judiciary Committee, in the event, selected 26 to 12 a proposed fourth article seeking to impeach Mr Nixon for fraud—though it reserved the right to reopen the articles if further evidence emerged. But the damage done to Mr Nixon was awful. Even his loyal defenders could only argue that his half-million dollar tax deduction was an "honest mistake", that no actual fraud had been proved.

But every item was less raked over—from the defective gift of papers, to the campaign funds used to buy Mr Nixon's birthday earrings. The helpless Nixon could only complain the item had been switched from afternoon to evening to get the prime time audience. They were right.

The committee thus completed its preliminary six-day debate, recommending three articles of impeachment, with the most explosive issue.

Some pro-impeachment Democrats disclaimed to impeach for this because, they said, it was a "low crime" attribute Nixon the man, not the President. One Republican suggested it could be left to the courts later, an implied prediction that Mr Nixon will be removed from office, and left to the judicial process.

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M Ortol, president of the European Commission (left), Shaikh Sabah, Foreign Minister of Kuwait, Mr Mahmoud Riad, Secretary General of the Arab League, and M Sauvagnargues, French Foreign Minister, discuss plans for economic cooperation between the European Community and Arab countries, at the French Foreign Ministry yesterday.

Euro-Arab cooperation agreement

From Our Own Correspondent
Paris, July 31

M Jean Sauvagnargues, the Foreign Minister, told a press conference at the Quai d'Orsay that today's meeting between representatives of the European Community and of the 20 Arab countries was of "historic significance".

The meeting, which began with a working luncheon, was followed by discussions lasting two hours.

The Community was represented by M Sauvagnargues, President of the Council of Ministers, and M Francois-Xavier Ortol, President of the European Commission; and the Arab countries by Mr Mahmoud Riad, Secretary-General of the Arab League, and Shaikh Sabah, the League's president, who is Foreign Minister of Kuwait.

M Sauvagnargues said agreement had been reached on long-term economic cooperation between the Nine and the Arab countries, which had obvious political implications, and was bound to have a "stabilizing effect" on the situation in the Middle East, even though the purpose of the cooperation was not political.

A restricted meeting of representatives of both sides is planned for October to prepare for the convening of a general commission, composed of senior officials, in November.

This commission will decide on concrete action on a certain number of specific points. The Foreign Minister mentioned as possible fields for cooperation: agriculture, industry, the training of senior technicians.

The matter was one of the points used by Iran to claim that the former oil consortium companies who were in full control of the oil industry, by failing to carry out secondary recovery plans, violated the letter of the 1954 agreement.

The Shah also emphasised the change in Iran's energy policy from oil and natural gas to nuclear power. More oil and gas would thus become available for other uses such as the petrochemical industry.

The message stated that the agreement of July 31, 1973, gave Iran full power to decide its own oil prices. As long as this power had been in the hands of the

Shah announces big rise in Iranian oil reserves

From Our Correspondent
Teheran, July 31

Nation-wide celebrations today marked the first anniversary of Iran's takeover of full control of its oil resources, industry and price-setting machinery. In a message to the nation the Shah said that the country's oil output would be boosted considerably on the implementation of secondary recovery programmes.

The injection of natural gas into the wells will begin very soon, resulting in an increase in oil reserves of ten or billions of barrels.

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The message stated that the agreement of July 31, 1973, gave Iran full power to decide its own oil prices. As long as this power had been in the hands of the

oil companies, they were able to block the economic development of the industrial world after the Second World War on the availability of cheap energy.

This was of great service to the industrial countries of the West, while doing the greatest injustice to the oil producing countries, the message said.

With this right now in the hands of the producing nations, it was possible to increase the posted price of oil from \$3 to just under \$12 (£5). This development and the new agreements between Iran and the oil companies have increased Iran's oil revenues five-fold to more than \$20,000m.

The Shah added that Iran's oil and energy policy was based on the one hand on an equitable balance between the price of oil and that of industrial products imported by Iran and other oil producers and on the other hand on an equity between the price of oil and that of other energy producing materials.

The Shah is leaving Teheran tomorrow to attend the final session of the Assembly to be held in Ramsar which will review the fifth national development plan in the light of the increased national income. Allocations in the fifth plan are expected to increase to at least twice the original estimate of \$32,000m.

King Faisal tours battle zone on Egypt visit

From Our Correspondent
Cairo, July 31

King Faisal of Saudi Arabia spent today with Egyptian forces on the Suez Canal in one of the areas of the October war, which the monarch effectively backed with the oil weapon, funds, troops and arms.

King Faisal arrived here yesterday to meet President Sadat for talks which many observers believe will be vital in the cause of Arab cooperation.

Saudi Arabia's contribution to rebuilding the Sinai zone is expected to be a major result of their discussions.

The King has already provided massive assistance to Egypt to relieve its economy, which has been overburdened by high military expenditure for several years.

The King was greeted on arrival with pomp and ceremony, which underlined the flourishing Egyptian-Saudi alliance that Mr Sadat tried to establish before taking the decision to fight for Israel-occupied territories.

King Faisal, escorted by the President, senior officials and commanders of the armed forces, toured the parts of Israel's fortified zone which the Egyptians smashed when they pushed into Sinai.

Mr Sadat and King Faisal also spent some time at the war-devastated town of Suez.

King Faisal, who is 76, looked pale but composed as he walked slowly and steadily to the table in the banquetting chamber in the presence of a thousand guests, among them foreign diplomats and correspondents.

The Prime Minister's last public appearance, shortly before he suffered the heart attack, was when he attended a banquet in the same chamber on May 28 in honour of Tun Abdul Razak, the Malaysian Prime Minister.

Thirteen full members of the Politburo were present at tonight's hour-long reception. However, there was no indication that two key military posts—those of Defence Minister and Chief of Staff—both vacant since the death of Lin Biao and the simultaneous disappearance of Huang Yung-sheng, the chief of staff, in September, 1971, had been filled.—Reuter.

Mr Chou appears in public after illness

From Our Correspondent
Peking, July 31

Mr Chou En-lai, the Chinese Prime Minister, tonight appeared in public for the first time since he suffered a heart attack almost two months ago.

He led an impressive line-up of Politburo members attending an Army Day celebration in Peking's Great Hall of the People.

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Cyprus peace fragile, Mr Callaghan says

By Hugh Noyes
Parliamentary Correspondent
Westminster

Mr Callaghan, reporting to the House of Commons yesterday on the Cyprus peace declaration, emphasised the fragile and temporary nature of the agreement.

Looking in much need of sleep after many days and nights of almost nonstop negotiations in Geneva, the Foreign and Commonwealth Secretary told MPs that Britain, Greece and Turkey, must move on as soon as possible to better and more permanent arrangements.

What had been achieved was the response that the guarantor powers could make to the requests placed before them by the Security Council, he said. The longer term co-existence issues would be discussed during the next stage of the talks beginning in Geneva next Thursday.

In a short debate on Cyprus that followed, Mr Callaghan said that the most difficult days lay ahead. He predicted that next week's sessions, although not so dramatic, would produce much tougher attitudes on both sides. What had pleased him was the influence that Britain still had been able to exert in the process.

From the Tory front bench, Sir Alec Douglas-Home, making what could be his last speech in the House of Commons before he retires from active politics at the end of the month, congratulated the Foreign Secretary for what he had achieved.

Sir Alec said that the new Greek Government had been faced at a moment's notice with a situation that required the greatest courage. It had shown considerable courage in the arrangements it had been able to make with Turkey and with the Foreign Secretary.

The implication of trouble in Cyprus was so wide that they were apt to forget that the

whole matter was simply about people and of how they should live together.

He suggested that one piece of realism to come out of this crisis was that the Greeks and the Turks had discovered that in the wider context they must remain friends. The consequences of any other relationship, said Sir Alec, were too dire to contemplate.

Mr Callaghan replied that war between Greece and Turkey would be one of the greatest tragedies which could befall that sensitive and inflamed part of the world. The Greek Foreign Minister had told him on Tuesday "We are condemned to be friends."

Referring to Archbishop Makarios, Mr Callaghan said he understood from Mr George Mavros, the Greek Foreign Minister, that it was expected that the Archbishop's intention to be at next week's talks. Mr Clerides, the acting President, would attend.

The Foreign Secretary pointed out that no island could flourish while in the same area there were the Greek National Guard, Turkish freedom fighters, Greek and Turkish armed contingents, United Nations armed forces and now the Turkish Army.

At the start of the recent troubles there were 2,400 United Nations troops in Cyprus. By the end of the month, he said, there would be 4,328. The Government had pledged an immediate increase in the British contingent to the United Nations force, especially around Nicosia airport.

Replying to questions about British families in Cyprus, Mr Callaghan said that those who had remained in Kyrenia were in an unsatisfactory situation. They needed more cooperation from the Turkish military and he had asked the Turkish Government to help British subjects in the area.

Parliamentary report, page 12

Athens and Ankara may start talks next week

From Mario Modiano
Athens, July 31

Mr Constantine Karamanlis and Mr Bulent Ecevit, the Prime Ministers of Greece and Turkey, propose to meet soon to review the relations between the two countries.

Alternatives suggested through diplomatic channels were that the two leaders should hold their first exchanges next week, before the beginning of phase two of the Cyprus peace talks due on August 1.

Their meeting should be arranged after the negotiations on the constitutional future of Cyprus are set in motion.

Mr George Mavros, the Greek Foreign Minister, returned to Athens tonight after the exhausting diplomatic marathon in Geneva. He said: "I went to Geneva to avert the deterioration of a situation which was leading to war between Greece and Turkey. I believe the direct objectives of my mission were accomplished."

The Foreign Minister, who met at Athens airport by a cheering crowd of 2,000 waving olive branches and releasing white doves, said: "Greece and Turkey are condemned by history to be friends, otherwise they cannot survive."

Asked if the agreement was not a sell-out by Greece to the Greek Cypriots, he replied: "By no means. It excludes the possibility of partitioning the island, of federation or of Enosis. The Geneva agreement

is a temporary settlement. Its object was to end all fighting."

Mr Karamanlis expressed satisfaction because the agreement "puts an end to hostilities". He said: "I believe it can be a starting point for a fair settlement of the Cyprus question which will ensure peace and prosperity for the people of the island, the restoration of relations between the two neighbouring countries and the safeguarding of peace in this part of the world."

While the agreement, seen in a purely Greek context, has allayed fears of an impending Greek-Turkish war, few Greeks seemed to have a clear idea of the price Greece had to pay in order to achieve this. Government leaders brushed aside claims of capitulation.

The negotiations on the future of Cyprus promise to be lengthy, as there was no clear indication here if the Geneva accord justified the stepping down of the military confrontation between Greece and Turkey.

The Greek Communist Party, which has been outlawed since 1948, today held

OVERSEAS

Japanese Government spared censure but criticism mounts

From Peter Hazelhurst
Tokyo, July 31

Giving a fillip to the morale of Japan's debilitated ruling Liberal Democratic Party, the Diet (Parliament) today rejected attempts to bring a motion of no confidence against the Government.

However, Mr Kakuei Tanaka, the Prime Minister, who has refused to make a major policy speech to the Diet since his party suffered a setback in elections to the Upper House 22 days ago, was apparently embarrassed by the debate today when speaker after speaker reminded him of "boastful" election speeches.

"During the election campaign you were very talkative but now you have shut up like a shell," Mr Shioichi Shimodaira, a Socialist Party deputy, said as he pointed towards the Prime Minister, who remained silent throughout the debate.

While the ruling party captured a majority of 68 votes to defeat the motion in the Lower House today, the growing schism within the ranks of the party's hierarchy appeared to widen when Mr Takeo Miki, the former Deputy Prime Minister, launched a new attack on the Prime Minister's leadership.

Mr Miki, who touched off a major political crisis within the ranks of the ruling party when he and Mr Takeo Fukuda, the former Finance Minister, resigned from the Cabinet three weeks ago, hinted that Mr Tanaka's leadership might eventually lead to political instability unless the ruling party is rejuvenated by drastic structural reforms.

Speaking to foreign and Japanese journalists in Tokyo today, Mr Miki, who controls one of the five major factions in the Liberal Democratic Party, said: "I regret to say that Mr Tanaka still refuses to acknowledge that the party suffered a major defeat during the elections to the Upper

House and by the same token he does not recognize the existence of rampant inflation.

"I have decided to devote myself to the task of introducing major reforms in the structure of the party, because I feel apprehensive that things will go wrong if they are allowed to run along the existing course."

Mr Miki said that he and Mr Alan Moorehead's *Darwin* were the Prime Minister before the party elected a new leader next year, but he refused to predict what he would do if his plan for structural changes in the party were not accepted. When Mr Tanaka was thought Mr Miki would see through his present term in office, a powerful faction leader said: "What I am worried about is the fate of our democratic institutions. There is no alternative to the conservative party at the moment. Unlike a democratic country, Japan has no opposition groups and are in no position to form a government."

The absence of an effective opposition which could create a vacuum if the conservative party loses its capacity to govern and I feel this will be sharply if things continue."

Putting his differences with Mr Tanaka aside, Mr Miki voted against the no confidence motion when a division called in the Diet tonight.

India increases taxation control soaring inflation

From Michael Horsbly
Delhi, July 31

An emergency supplementary budget was presented to the Lok Sabha, India's Parliament, today by Mr Yashwantrao Chavan, the Minister of Finance, in an attempt to control rampant inflation and reduce a budgetary deficit.

Its main feature was an increase in taxation which is expected to bring the government additional revenue of 2,320 million (Rs 232m) over the next year and 1,360 million (Rs 136m) during the remainder of the 1974-75 financial year.

By far the major part of this extra revenue will be accounted for by increases in a wide range of excise duties. Mr Chavan said that he had decided to leave unchanged the rates of the continuing "inflationary trends in international prices."

The Finance Minister explained that his aim was to discourage conspicuous consumption and to effect maximum economy in the use of scarce materials. Articles of mass consumption had not been touched because "of the great hardship suffered by the common man."

There had been a 15.9 per

cent rise in the general level of prices during the first half of this year, Mr Chavan said. This price increase was expected to continue as measures introduced in the annual budget in February had done little to curb it.

The Finance Minister said that the 1974-75 budget deficit of 1,260 million (Rs 126m) envisaged in February was certain to be much larger. He declined to quantify the size of the deficit but said the new taxation measures would not by themselves be sufficient to cover it.

Unofficial sources said before today's new budget was announced it was likely to run a deficit of as much as 3,000 million (Rs 3,000m) in the current financial year—above seven times the original forecast.

Mr Chavan put the blame for the deficit on the increase in food subsidies, on the high debts run up by the national railways (aggravated by strike earlier this year) and the rising cost of projects being carried out under three-year economic plans.

Other measures introduced by Mr Chavan today included a reduction in the perage of long term capital exempted from tax.

Queensland title is sought for the Queen

Brisbane, July 31.—The Queensland Government has announced that it wants to ask the Privy Council whether it can refer officially to the Queen as "Queen of Queensland" as well as "Queen of Australia."

The Government is seeking a ruling through the state court on whether it can legislate on the matter.

A government spokesman said today that the move was aimed partly at preventing possible efforts by the Government in Canberra to make Australia a republic.

The Country Party-Liberal Government of Queensland believes that the Federal Labour Government could be prevented from appointing a vicarary governor-general.

Canberra Opposition takes cool line on joint sittings

From Our Correspondent
Melbourne, July 31

Mr Snedden, the leader of the Opposition in Canberra, announced today that the Opposition had decided not to oppose the holding of joint sittings of both Houses of Parliament on Tuesday. He intimated, however, that the Opposition did not wish to discourage any state governments or individual senators from challenging the validity of the sittings.

The Queensland Government proposes to seek an injunction from the High Court of Australia tomorrow restraining the proceeding with the joint sittings on the ground that the procedures leading to its convening were unconstitutional.

The Governments of New South Wales and of Western Australia have indicated that they will challenge the legality of Bills passed by the joint sittings.

Quebec vot to make French official language

From Our Correspondent
Ottawa, July 31

The Quebec National Assembly has given the third reading to a bill making French the official language of the province. The vote was 92 to 30.

Two English-speaking members broke with the Liberal Government and joined the Parti Québécois and two Conservatives in voting against the bill.

Last week, Robert Bourassa's Government invoked the closure to end debate on the bill at the committee stage, and bringing the issue to a vote after two days of discussion.

The bill would give the legislative veto to the province, and would be tested in the courts.

The Victorian Government announced today that it was concerned to the constitutional procedure being followed and the institution upheld.

Mr Snedden said that the Opposition had decided at a meeting not to object to the joint sittings, because they did not want to appear in the eyes of the electorate as indulging in blatant obstructionism. It was learnt, however, from Opposition sources at the meeting that the High Court move for the fact they had received conflicting legal advice on its chances of success.

They had been advised that a number of grounds supporting the sittings would not stand up in court. They had also been told that the court would be reluctant to undo decisions of a joint sittings.

The Governments of New South Wales and of Western Australia have indicated that they will challenge the legality of Bills passed by the joint sittings.

JOKE

Wings of Song

ography of Felix Mendelssohn

Wilfrid Blunt

ish Hamilton, £5.50)

of the coffee table book of the illustrated Rainbird—at 7 1/2 in by 10 in smaller, streamlined, generally written and easier to read than its predecessor. *Mendelssohn* by Wilfrid Blunt, published by the Rainbird series, is a most welcome addition to the series.

Mr Miki said that he and Mr Alan Moorehead's *Darwin* were the Prime Minister before the party elected a new leader next year, but he refused to predict what he would do if his plan for structural changes in the party were not accepted. When Mr Tanaka was thought Mr Miki would see through his present term in office, a powerful faction leader said: "What I am worried about is the fate of our democratic institutions. There is no alternative to the conservative party at the moment. Unlike a democratic country, Japan has no opposition groups and are in no position to form a government."

The absence of an effective opposition which could create a vacuum if the conservative party loses its capacity to govern and I feel this will be sharply if things continue."

Made and broken

Leadership in War 1939-45

The Generals in Victory and Defeat

By Sir John Smyth

(David & Charles, £4.50)

"The autocrats of the battlefield are the commanders-in-chief, the prime minister and, finally, the war historians, all of whom are prone to err."

Sir John Smyth writes out of personal experience and private pain, having been maligned by each of these overlords.

When the vital bridge over the Sittoung River in Burma was blown at 5.30 am on February 23, 1942, in the face of advancing Japanese, the British and therefore Burma were inevitably lost. Smyth was the responsible officer. At the time and subsequently Wavell his C-in-C, Churchill his Prime Minister and many other commanders-in-chief have been blamed for the disaster.

Sir John has the extraordinary idea that the military historian "must be influenced by two overriding factors: these are the commander-in-chief's dispatches and the political interpretation put upon them by historians."

By so doing he becomes the historian's ally, for what characterizes the best modern writers about war is their awareness of dimensions ignored in the past—the economic, the sociological, the technological. One of the author's friends, Auchinleck and Montgomery, he would surely agree that it is the historians who, by the insistent pressure of indisputable fact, have erased the monstrous injustice committed against Auchinleck by Montgomery and Churchill with their travesties of his intentions at Alamein in the summer of 1942.

Commanders-in-Chief may distort the truth and stick to their guns; a Prime Minister, like Churchill, may denounce in the House or defend in his memoirs; but the historians get to the truth in the end.

Ronald Lewin

Aristocratic anarchy

Bakunin

The father of anarchism

By Anthony Masters

(Sidgwick & Jackson, £5.95)

Herzen tells us that once when Bakunin was in the city of Prague he came by chance on an uprising of German peasants who were making a great deal of noise around some castle walls but not quite knowing what else to do.

Bakunin stopped and, without bothering to find out what the dispute was about, used his skills as a former artillery officer to tell the peasants to stop effect that by the time he resumed his seat to continue the journey the castle was burning merrily on all sides.

The Bakunin's enjoyment of destruction for its own sake, but also the contradictory nature of the aristocratic anarchist who naturally assumes the role of leader to organize members of the lower orders. At the same time it demonstrated the panache which gave Bakunin such imaginative appeal, as opposed to the cold intellectualism of his rival Marx. With his huge body and prodigious energy, everything Bakunin did was on a grand scale—the long years rotting in prison, the round-the-world escape from Russia, his magnificent oratorical, his personal magnetism, his spontaneity and plotting and leadership of underground revolutionary organizations that had no existence outside his own vivid imagination. He was childish, he was irresponsible, he was dishonest, he was often ridiculous, but he always commanded attention.

Richard Boston

There is no shortage of good reading-matter about Bakunin—notably in Herzen's memoirs. In *The Father of Anarchism*, a new biography and in one of the most exciting chapters of that most exciting book, Edmund Wilson's *To the Finland Station*, a new biography of Bakunin would only be justified if it either added to our stock of information on the subject, or else offered new insights and interpretations. Anthony Masters' researches appear not to have taken him beyond printed sources, and almost without exception in the English language. That is not to say that his book shows fresh understanding of Bakunin's extremely complicated character.

Two obvious questions about Bakunin concern his sexual compulsion and the reasons for his compulsion. The answer to the first is usually given (and it is the one that is usually given) is that it is to say, the energy and passion for destruction were in Bakunin's life, or else from case histories of modern psychology.

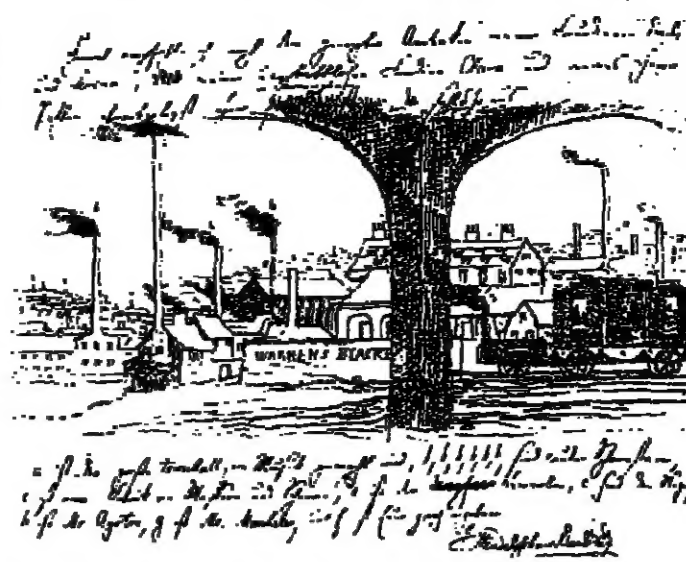
Doubtless somebody noticed that the centenary of Bakunin's death is coming up in 1976, and thought it would be a good idea to bring out a new book about him. If so, they were wrong.

Richard Boston

short, even tiny, chapters, spread evenly through the book: assimilation must be painful. Third, any deeper examination of the man, his work and his age must be as brief and allusive as possible; footnotes and acknowledgments are discouraged, and a short reading-list is provided for more curious readers. A Rainbird book at all costs must test the eye and may even move the mind. It must on no account actually disturb either.

It is very difficult indeed to get the balance of the package right, to throw out the moral problems and yet sustain the reader's interest with a strongly individual point of view. Nancy Mitford succeeded in *Frederick the Great* because she struck out on her own to a point where the physical limitations of the format no longer hindered her. What she wrote was not at all a full biography, still less the picture of a complex figure in his time, but an essay on Frederick the Great and his friends, as she herself later admitted. But, good or bad, suitable or not, the Rainbird team require a constant supply of new copy, and *On Wings of Song* must have looked quite a promising bet.

Various calligrapher, potter, book designer, singer and traveller, Wilfrid Blunt is an old Rainbird hand (*The Dream King*, *The Complete Naturalist*) and Felix Mendelssohn-Bartholdy (1807-1847) is in many ways the most suitable material for Rainbird. Mendelssohn's music has survived all manner of abuse and now looks like being more



Mendelssohn's sketch of Birmingham

widely appreciated than at any time since the 1880s, and because it gives delight and pleasure. Moreover, he wrote well and adored travelling. His *Letters from Italy and Switzerland*, translated by Lady Wallace, ran into many editions, and to read them even today makes one glad to be alive.

His personal virtues and agreeable appearance drew embarrasingly fulsome praise from a whole generation of Victorian biographers but also from the less iconographical like Berlioz, Thackeray and Henry Chorley. Modern scholarship, readily acknowledged by Mr Blunt, has shown us that he was also a

serious musician, highly strung, capable of ungenerous judgment, a prey to quick temper and a galloping *Weitschmerz* (what would he have been like at 60?) but there is little doubt that he was basically a good and kindly man and none at all that the spirit of the early String Symphonies, the *Octet*, *A Midsummer Night's Dream*, the "Scottish", "Italian" and "Minor Symphonies" is informed by a glorious sense of innocence and celebration.

An upbeat subject, then. Even better, Mendelssohn himself was a splendid amateur draughtsman, and many of his unfamiliar drawings and water-

colours, survivors of the last war in Dresden and Berlin, decorate *On Wings of Song* most prettily, sometimes bursting with little jokes, always invoking the indestructible charm of the Biedermeier era. Mendelssohn's doodles indeed have survived rather more scuridly than the softly shaded pencil portraits of his artist brother-in-law Wilhelm Hensel, which capture all too perfectly the faintly consumptive narcissism of the 1830s. All Hensel's subjects look homogenized.

So far, so Rainbirdish, attractive and apt. But Mendelssohn was after all, primarily a composer, so what of his music? Here the formula begins to press hard on the writer. Mr Blunt dislikes books full of musical examples, but has found no successful alternative method of making us feel what Mendelssohn's music sounds like, and whether or not he thinks a particular piece is any good. Referring to such musicological as Eric Werner and Philip Radcliffe, he makes us long to hear much of Mendelssohn's rarely heard music, particularly the *First Walpurgis Night* cantata and the incidental music to *Antigone* but, though clearly him-

self quite musical, his own judgment, on the rare occasions it is hazarded, comes across most quickly. He describes the *Hebrews Overture* as the composer's masterpiece and writes of the music for the *Dream*:

"Not Verdi's *Otello* nor his *Falstaff*, not even Vaughan Williams's *Sir John in Love* was so successful in capturing the spirit of Shakespeare."

I find that "not even" somewhat disorientating. Writing the life of a musician without discussing his music, and forced to subordinate both to the not always relevant illustrations, Mr Blunt has even revived the conventions of the Hollywood biopic to keep things running smoothly:

"Felix stared at the almost illegible scroll, as if you're stumped!" cried Goethe, seeing his perplexity.

Mr Blunt does not often write like that, but it gives you an idea of his difficulties and it is probably not too much to say that if you loved *A Song to Remember* you will like *On Wings of Song*. Except that Chopin's life really was exciting.

Michael Ratcliffe

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HARRAP BOOKS

David Pryce-Jones

These leaves of history are all delightfully portrayed in *Paper as Art and Craft* by Thelma R. Newman, Jay Hartley Newman and Lee Scott Newman (Allen & Unwin, £5.50).

Mrs Newman and her children have devised a compendium on paper that is both informative and inspirational.

As a standard reference book to what has now become an essential element of civilization, this book straddles the shelves of encyclopaedia and how-to-do-it, with ideas progressing from miniature folding exercises to full-size cardboard chairs that look both impossible to execute and utterly impractical even on the designers' board. If by any chance there is enough waste-paper for the publishers to produce a second edition, perhaps they could expand the index and insert some British names into the suggested stock list.

Barbara B. Stephan in *Crafting with Tissue Paper* (Allen & Unwin, £5.25) does, on the other

hand, cater for a home market. Tissue paper is practically a domestic requirement, and since the designs suggested range from tissue-decorated greetings cards to complicated origami lilies, this book would give last-minute pleasure to nimble fingers of all ages.

John Portchmouth's *Working in Collage* (Studio Vista, £2.50) is more modest on paper. He concentrates on the practical aspects of building up original art works, and he sets out myriad materials, ideas and processes with which to create. The book is well illustrated and many readers will thank him, and not only because they now know what to do with bored children and empty egg cartons—the former transform the latter into quite plausible pondies.

More adult in appeal is Suzanne Beedell's *Brasses and Brass Rubbing* (Bartholomew, £1.75). Apparently there is a six-week waiting list for some favourite memorial subjects, and those in the queue for this increasingly popular pastime will benefit from such a pocket-sized guide book with good historical background, clear instructions and excellent

monumental terminology. The geographical guide has been somewhat distorted by county boundary realignments that could have been foreseen by the author, and it is difficult to believe there are only three worthwhile brasses in the whole of Scotland, but overall the lists of British brasses are long and it is a useful book.

Mary Gostelow

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Shopping around

Sheila Black

Duty of bank to customer after obtaining guarantee

Lloyds Bank Ltd v Bundy of Before Lord Denning, Master of the Rolls, Lord Justice Cairns and Sir John Peel.

When a bank obtains a guarantee and advises on matters relating to the wisdom of the transaction it may be entering the area of "confidentiality" when the court may interfere on the ground of public policy to prevent relations between the parties being abused.

The Court of Appeal, reserved judgments, allowed the appeal by the defendant, Herbert James Bundy, of Yew Tree Farm, Broadchalke, Salisbury, Wiltshire, from the judgment of Judge McCallan, Salisbury County Court in June 1973, giving the plaintiff, Lloyds Bank Ltd, possession of Yew Tree Farm.

Their Lordships set aside a legal charge and guarantee made by Mr Bundy on December 1, 1969, whereby he charged the farm to the bank as security and, jointly and severally with his son, Michael James Bundy, of Broadchalke, guaranteed all monies owing to the bank by M. J. B. Plant Hire Ltd, of Broadchalke, which was a subsidiary of the farm.

Mr Leolin Price, QC, and Mr Miles Shillingford for Mr Bundy, Mr John Rankin, QC, and Mr Neil Butler for the bank.

The MASTER OF THE ROLLS said that old Herbert Bundy was a farmer in Broadchalke, one of the most pleasing villages in England. His family had lived in Yew Tree Farm for generations. It was his only asset. But he did not know how to run the farm.

He was granted legal aid and his lawyers put in a defence. The charge to the bank he did not know what he was doing, or that the circumstances were such that he should not be bound by it. At the trial his plight was plain. The judge said he was a "poor old gentleman". He was not to be taken advantage of. The bank was not to be allowed to push its proof in evidence. Yet the judge felt he could do nothing for him. He ordered him to give up the farm.

Mr Bundy had one son, Michael, in whom he had great faith. They had been customers of the bank since 1920. In 1969, for many years, the son formed a company called M.J.B. Plant Hire Ltd, which was a subsidiary of the farm. In 1966 the company was in difficulties and the father guaranteed an overdraft for £1,500 and charged Yew Tree Farm to the bank as security. In May, 1969, the assistant bank manager, Mr Bennett, told the son that the bank had to have further security. The son said that his father would give it. So Mr Bennett and the son went to see the father. Mr Bennett was a good friend of the father's. He showed them to his solicitor, Mr Trethowan, who lived in the village. The solicitor said that £5,000 was the utmost that he could sink in his son's affairs. The house was worth about £10,000 and that was half his assets. On that advice on May 27, 1969, the father executed the further guarantee and charge. So the house was charged to secure the overdraft.

In the next six months the affairs of the son and his company went from bad to worse. The company drew cheques, which the bank refused to cash. Mr Bennett went to another branch and was succeeded by a new assistant manager, Mr Head. In November, 1969, Mr Head told the son, who told him that his father would be prepared to provide further money to help the company.

On December 17, 1969, the son took Mr Head to see his father, an occasion which the judge described as "important and disastrous". Mr Head had never met the father before. He went prepared with forms of guarantee and of charge with the father's name filled in ready for signature. The father and mother were there with the son and the son's wife. Mr Head said that the bank had given serious thought to whether they could continue to support the son's company but were prepared to do so provided (1) the existing overdraft of £10,000 was cut down and (2) the father gave a guarantee for £11,000 of the company's account and gave the bank a further charge on the house of £3,500 so as to bring the total charge up to £11,000. As the house was only worth about £10,000 that would sweep up all the father had.

The father said that he was 100 per cent behind his son. Mr Head produced the forms which had already been filled in. The father signed them and Mr Head witnessed them then and there. Unlike Mr Bennett, Mr Head did not leave the papers with the father. He did the father have any independent advice? Mr Head said in evidence: "I would think the defendant relied on me implicitly to advise him about the transaction as bank manager" and "I knew of no other assets except Yew Tree Farm". The father said: "I always thought Head was genuine. . . I have always trusted him. I simply sat back and did what they said." The solicitor, Mr Trethowan, said the father agreed to it straightforward. Agreed with anyone. . . Doubt if he understood all Head explained to him.

So the son and his company gained a short respite. But in May, 1970, a receiving order was made against the son, the bank stopped all overdraft facilities for the company, and it ceased to trade. The bank then sought to enforce the charge and the overdraft. In December, 1971, they agreed to sell it for £3,500 with vacant possession. The family said that it was worth much more. But the judge said that it was a valid sale and that the bank would take all the proceeds of sale. The sale had not been completed, for the father was still in possession. The bank sought the action to evict the father.

In the vast majority of cases a customer who signed a bank guarantee or charge could not get out of it. No bargain would be the result of the result of the "duress" of the bank. Many cases were caught by the rule. If a householder agreed to a high rent to a landlord to get out of his head, the common law would not interfere; it was a bargain and it was warranted. If a borrower needed money borrowed from a bank at a high rate of interest and it was warranted, a friend who got nothing in return, the common law would not interfere. Parliament had intervened to prevent moneylenders from excessive interest, but it did not interfere with bankers. There were exceptions to the general rule—cases where a contract or transfer of property when parties had not met on equal terms, where one was so strong in bargaining power and the other so weak that as a matter of common sense it was not right that the strong should be allowed to push the weak to the wall. Apart from transactions which were voidable for fraud, misrepresentation or mistake, there were five categories of cases where there had been "equality of bargaining power" such as to merit the intervention of the court.

The first and oldest category was "duress of goods", where a man was in a strong bargaining position by being in possession of goods of another by virtue of legal right, such as pawn, pledge or distress, demanded more than was justly due for their return. Such a transaction was voidable. *Atley v Reynolds* (117) 2 Stra 915. Or the cases of "duress of office" where a man used his official position or public profession to gain more than was justly due from the weak. *Parker v Bristol and Exeter Railway Co* (1851) 5 Exch 241 and *Piggott's case* cited by Lord Denning (2 Esp 723).

The second category was where a man was in need of special care and protection, such as the "expectant heir", and yet his weakness was exploited by another far stronger than himself to get his property at gross undervalue. *White and Carter (Councils) Ltd v McGregor* (132) 1 All ER 413. Or a poor and ignorant man, with "no independent advice", at a considerable undervalue. *Fry v Lane* (1888) 40 Ch 113, 322.

The third category was that of "undue influence", divided into two classes by Lord Justice Cotton in *Allcard v Skinner* (1887) 36 ChD 147, 171, the second of which was where the stronger had through the relations which he had with the weaker gained some gift or advantage for himself. The relation might be such as to raise a presumption of undue influence: parent and child, solicitor over client, doctor over patient, spiritual adviser over follower, and other times a relation of confidence must be proved to exist. But the general principle stated by Lord Denning in *Williams v Williams* (1884) 11 Ch App 55, 61 applied to all of them.

The other two categories were "undue influence" in *Williams v Williams* (1884) 11 Ch App 55, 61 and *Bailey v Baxendale* (1884) 11 Ch App 55, 61. The first was where the rescuer raised to help with a rope unless it was paid £1,000 (*The Pendergast* (1884) 11 Ch App 55, 61). All the categories rested on "inequality of bargaining powers". English law gave relief to one who, without independent advice entered into a transaction for a consideration that was grossly inadequate and his bargaining power was grossly impaired by his needs or desires or ignorance or infirmity, coupled with influences or pressures brought to bear on him for the benefit of the other. The absence of independent advice might be fatal.

In the present case the consideration moving from the bank was grossly inadequate. The relationship of the bank and the father was one of trust and confidence, but the bank had failed in that trust. The father had naturally desired to accede to his son's request. There was a conflict of interest between the bank and the father, yet it was not suggested that the father should get independent advice.

The case fell within the principles stated and within the second class of the category of undue influence stated by Lord Justice Cotton in *Allcard v Skinner*. Through the assistant bank manager acted in the utmost good faith and was straightforward, there was such a relationship of trust and confidence that the bank ought not to have swept the father's sole remaining asset into its hands for nothing without his having independent advice. The appeal should be allowed.

LORD JUSTICE CAIRNS said that he had had some doubt whether there was such a special relationship between Mr Bundy and the bank as gave rise to a duty on the part of the bank, through Mr Head, to advise Mr Bundy about the desirability of his getting independent advice. For the reasons given by Sir Eric Sachs his Lordship had reached the conclusion that in the very unusual circumstances of the case there was such a duty and would allow the appeal.

SIR ERIC SACHS said that the judge had vitally misapprehended the law and points to be considered on one aspect of the defence appropriately pleaded as to the bank's duty to advise Mr Bundy. His notes disclosed, on an important fact touching that issue. The first issue was whether on the particular facts the bank was under a duty of fiduciary care. There had to be shown to exist a vital element of "confidentiality", some quality beyond that inherent in the confidence that could well exist between trustworthy persons who in business affairs dealt with each other at arm's length.

It was inevitably conceded on behalf of the bank that the relevant relationship could arise as between banker and customer. Equally it was inevitably conceded on behalf of Mr Bundy that in the normal course of transactions by which a customer guaranteed a third party's obligations the relationship did not arise.

Once the special relationship, the second class referred to by Lord Justice Cotton in *Allcard v Skinner* (at p. 171) (where the ground of public policy to prevent it being abused) had been shown to exist no benefit could be retained from the transaction unless it was proved that the duty of fiduciary care to ensure that the person liable to be influenced had formed "an independent judgment" had been entirely fulfilled.

The judge had misapprehended Mr Head's answer in cross-examination that Mr Bundy relied on him implicitly "to advise him about the transaction as bank manager". What had happened on December 17, 1969, had to be assessed in the light of the long relationship between the Bundy family and the bank. The situation cried aloud Mr Bundy's need for careful independent advice. Mr Head's answer in cross-examination that he was given "no independent advice" was manifest. It was so affirmatively established that the court could and should make the guarantee and charge of December 17, 1969, void.

As regards the wider areas covered in the majority survey in the judgment of the Master of the Rolls, his Lordship did not venture an opinion, though he had some sympathy with the view that the courts should be able to give relief to a party who had been subject to undue pressure. Nothing in his Lordship's judgment affected the duties of a bank in the normal case where it was obtaining a guarantee and in accordance with standard practice explained its legal effect and the sums involved. But when a bank, as here, went further and advised on general matters germane to the wisdom of the transaction, it might be crossing the line into the area of confidentiality so that the court might have to examine all the facts to see if the line had been crossed. The appeal should be allowed.

Solicitors: Trethowans, Salisbury; Jones & Parker, Salisbury.

Tributes to Sir John Pennycuick

Bench and Bar paid tribute in a crowded courtroom to Sir John Pennycuick, Vice-Chancellor, on his retirement after 14 years as a Chancery judge. His Lordship was flanked by the 10 Judges of his division, and among those present were the former Chancery practitioner who is Advocate General of the European Court of Justice. Many judges' clerks and court officials were also there.

Mr Benjamin Bathurst, QC, senior Chancery silk, described Sir John as a charming judge, an understanding of our problems we have appreciated so much. He said: "We cannot always win our cases, somebody has to lose, but win or lose if his always been an enjoyable experience appearing before you."

Mr Hector Hillaby, for the junior bar spoke of Sir John's great qualities as a judge. Sir John who is 74, expressed gratitude for the tributes and said: "I can't thank you truly for what I have never wittingly insulted anyone in this court. I can also say that I have always attempted to understand a case before deciding it and that the decision, often wrong, has been my own. I originally resolved never to make a joke, but I found the order of the day was to sustain. Judges came and went in their recreation. I was now retired and he did so cheerfully. Every judge had some faint immortality as a name in the law reports, even though counsel flicked over its judgments as unworthy of attention."

Mr Gordon Bishop, for the publisher, Mr Bernard Shrimley, editor of *The Sun*, and Mr Kevin Mason, the re-later of the report was based on information they had no reason to doubt at the time. When Mr Scanlon complained, the matter was investigated and an apology and correction were published. A newspaper cartoon agreed in the High Court yesterday. The cartoon was a "substantial damage" to the General Electric Company, and Sir Arnold Weinstock, managing director, for libel in a cartoon.

Guardian Newspapers Ltd, Mr Alastair Herkenroth, editor of *The Guardian*, and Mr John Kent, a cartoonist, apologized

without independent advice entered into a transaction for a consideration that was grossly inadequate and his bargaining power was grossly impaired by his needs or desires or ignorance or infirmity, coupled with influences or pressures brought to bear on him for the benefit of the other. The absence of independent advice might be fatal.

In the present case the consideration moving from the bank was grossly inadequate. The relationship of the bank and the father was one of trust and confidence, but the bank had failed in that trust. The father had naturally desired to accede to his son's request. There was a conflict of interest between the bank and the father, yet it was not suggested that the father should get independent advice.

The case fell within the principles stated and within the second class of the category of undue influence stated by Lord Justice Cotton in *Allcard v Skinner*. Through the assistant bank manager acted in the utmost good faith and was straightforward, there was such a relationship of trust and confidence that the bank ought not to have swept the father's sole remaining asset into its hands for nothing without his having independent advice. The appeal should be allowed.

LORD JUSTICE CAIRNS said that he had had some doubt whether there was such a special relationship between Mr Bundy and the bank as gave rise to a duty on the part of the bank, through Mr Head, to advise Mr Bundy about the desirability of his getting independent advice. For the reasons given by Sir Eric Sachs his Lordship had reached the conclusion that in the very unusual circumstances of the case there was such a duty and would allow the appeal.

SIR ERIC SACHS said that the judge had vitally misapprehended the law and points to be considered on one aspect of the defence appropriately pleaded as to the bank's duty to advise Mr Bundy. His notes disclosed, on an important fact touching that issue.

The first issue was whether on the particular facts the bank was under a duty of fiduciary care. There had to be shown to exist a vital element of "confidentiality", some quality beyond that inherent in the confidence that could well exist between trustworthy persons who in business affairs dealt with each other at arm's length.

It was inevitably conceded on behalf of the bank that the relevant relationship could arise as between banker and customer. Equally it was inevitably conceded on behalf of Mr Bundy that in the normal course of transactions by which a customer guaranteed a third party's obligations the relationship did not arise.

Once the special relationship, the second class referred to by Lord Justice Cotton in *Allcard v Skinner* (at p. 171) (where the ground of public policy to prevent it being abused) had been shown to exist no benefit could be retained from the transaction unless it was proved that the duty of fiduciary care to ensure that the person liable to be influenced had formed "an independent judgment" had been entirely fulfilled.

The judge had misapprehended Mr Head's answer in cross-examination that Mr Bundy relied on him implicitly "to advise him about the transaction as bank manager". What had happened on December 17, 1969, had to be assessed in the light of the long relationship between the Bundy family and the bank. The situation cried aloud Mr Bundy's need for careful independent advice. Mr Head's answer in cross-examination that he was given "no independent advice" was manifest. It was so affirmatively established that the court could and should make the guarantee and charge of December 17, 1969, void.

As regards the wider areas covered in the majority survey in the judgment of the Master of the Rolls, his Lordship did not venture an opinion, though he had some sympathy with the view that the courts should be able to give relief to a party who had been subject to undue pressure.

Nothing in his Lordship's judgment affected the duties of a bank in the normal case where it was obtaining a guarantee and in accordance with standard practice explained its legal effect and the sums involved. But when a bank, as here, went further and advised on general matters germane to the wisdom of the transaction, it might be crossing the line into the area of confidentiality so that the court might have to examine all the facts to see if the line had been crossed. The appeal should be allowed.

Solicitors: Trethowans, Salisbury; Jones & Parker, Salisbury.

It had been a great privilege to be in charge of the division. There were troubles, particularly the intractable length of the witness list. Certain steps, however, were in hand to speed things up. But the division was in a flourishing state, and it would continue to maintain its high standard of civilised reasoning and fair dealing.

It had given his Lordship much personal happiness to be associated with everyone in the division, be it his own or another's, and he was sure that they would all be able to face him. He would mention only one name, Mr Tom Jarvis, his staunch aide.

Long Vacation
The courts rest for the Long Vacation. The next term will begin on Tuesday, October 1.

for unjustified imputations concerning nuclear power contracts. Court apology: Mr David Coleman, who led the BBC television coverage of a Cup, received a High Court apology yesterday on a suggestion that he was completely lacking in knowledge of the laws of football.

Mr Robert Alexander, QC, for Mr Coleman, said the suggestion was made in a newspaper interview with Mr Alan Hardaker, secretary of the Football League. It followed Mr Coleman's criticisms of a referee when he was commenting on a league match between Chelsea and Newcastle United in December, 1970.

Mr Coleman had sued Mr Hardaker and the former Daily Sketch, which published the interview.



● Silk pictures from the Republic of China are incredibly cheap, starting as low as £3.50 and varying in price according to size and the intricacy of the embroidery. The perched peacock in the photograph is typical of the kind of picture now in plentiful stock at Allans of 56 Duke Street, off Grosvenor Square, London W1M 6HS (01-629 3781). Framing can be simply done since the designs are ornate—no two are the same despite many similarities.

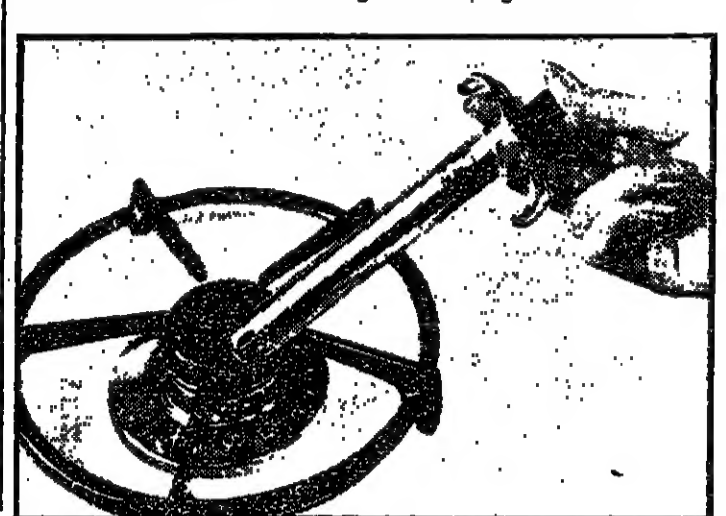
Also at Allans are these provocative masks, sold with eyelets for elastic or wire. Allans suggest wire that can be bent so as to be worn hooked around the ears, like spectacles. Then your hair-style stays intact. Masks, he assures me, are being worn to a lot of parties or informal functions, by men as well as by women. Prices, again, are low, from about £1.20 to £3.50 for the birds and more for larger specials. All are embellished with beads, sequins, or both. Other adornments include badges, also bead or sequin strewn, like massive butterflies or signs of the Zodiac, to be worn as jazzy costume jewellery or pinned to evening bags.

There are no leaflets, although Allans does a great deal of selling by mail as well as to personal shoppers. A phone call gets service, wherever you live.

Photographs by Trevor Sutton

● Another lighter for North Sea gas is here. Like others, this works on the piezo-electric system. Unlike others, it is very functional with the syringe action to give purchase while you press the lighting button. It needs no battery, no flint and is guaranteed for ten years. It does light bottled and town gas as well, of course. The thing is long enough to keep fingers well away from the lit gas.

The last time I wrote about these lighters, one or two readers complained that their lighters showed no flame and therefore were not working. This system gives no flame. You hold the nozzle up against the source of gas and the gas lights. The PZ Gas Igniter costs about £2.15 in most hardware shops and department stores. Made in England, it is distributed through wholesalers by Sterling Specialities of Clive Way, Station Estate, North Watford, Herts. WD2 4XP. It is, by the way, a lightweight, compact lighter (under three ounces) so that it becomes useful for boating and camping enthusiasts.



● Diploma, which has just published a reproduction of the first book ever printed in England (on this page last week) has been quick to correct my suggestion that it was the first book published anywhere. Caxton himself had produced books in Bruges, following the work of other Europeans, before setting up his press here.

● It's an August election—in toy shops, that is. Intellect Games, designer and manufacturer of those superbly designed games like "Watch your Garden Grow", "Stockbroker" and foreign language cards, has designed "Election X", to sell at £4.66.

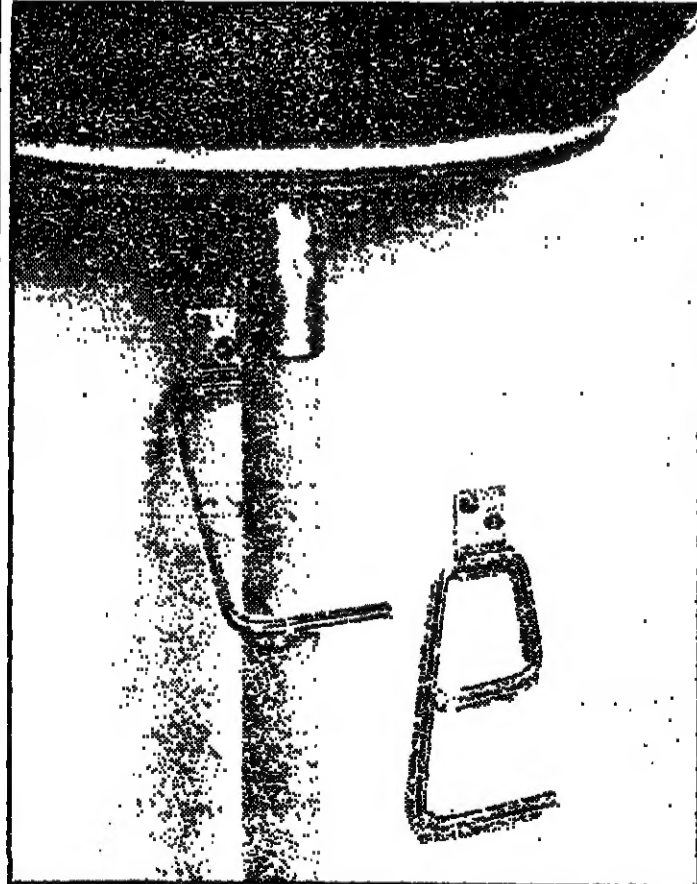
There are six parties in this game so that six can play. Broadcasts, TV, sur

campaigns and sensational revelations by a convicted swindler damage one party's chances while aiding another's. There is a distinct echo of politics in going to the country this way. The object is to win enough of the 630 seats to get a working majority. That, too, sounds familiar. A copy of the game is to be given to Ted, Harold and Jeremy but there are no

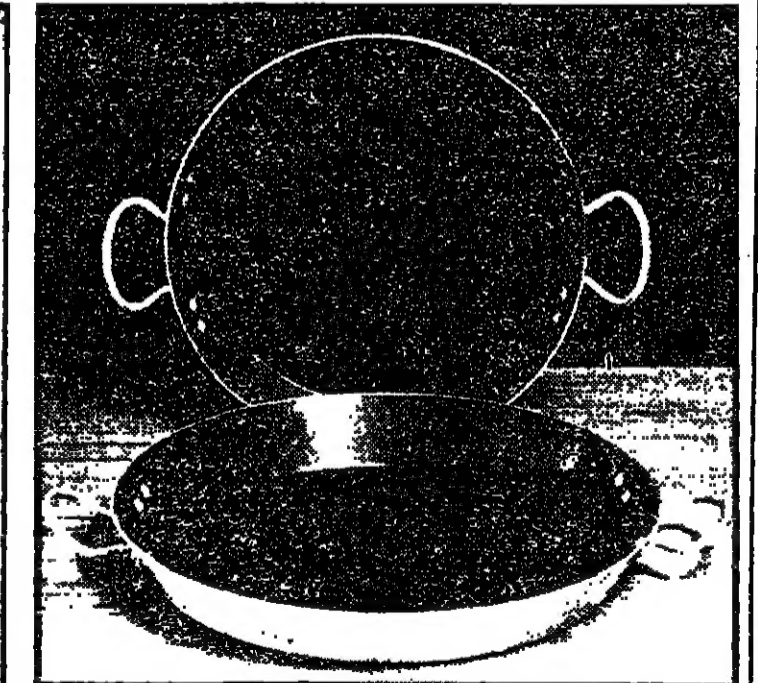
guarantees that they will play the game as long as the real battle is in the offing, unless they like to try for some spurious wins. Election X can be posted by Hamleys (of 200 Regent Street, London, W1) for an additional 45p if your local toyshop is out of stock. Intellect Games, which does not sell direct but which can provide stockists' names, is at 49 Great Marlborough Street, London W1V 1DB.

● I thoroughly enjoyed the exhibition of art and needlework at Celanese House (on the south-west corner of Hanover Square, London). The children's work is particularly fresh and appealing and there is much that has won national competitions. Everything is there—patchwork, applique, embroidery, canvas needlework, weaving and a lot of other things I cannot but like to admire. Admission is 50p (including the catalogue) for adults and 20p for children. The display is open daily from 9.30 to 5.30 or until 1 pm on Saturdays. It closes on August 15 and the whole thing is in aid of the Invalid Children's Aid Association.

● Many prices are given by retailers or manufacturers without the breakdown between cost and VAT. Thus some of the prices quoted on this page could be slightly higher than those in effect since the mini-Budget although, as far as possible, only new and current prices are given.

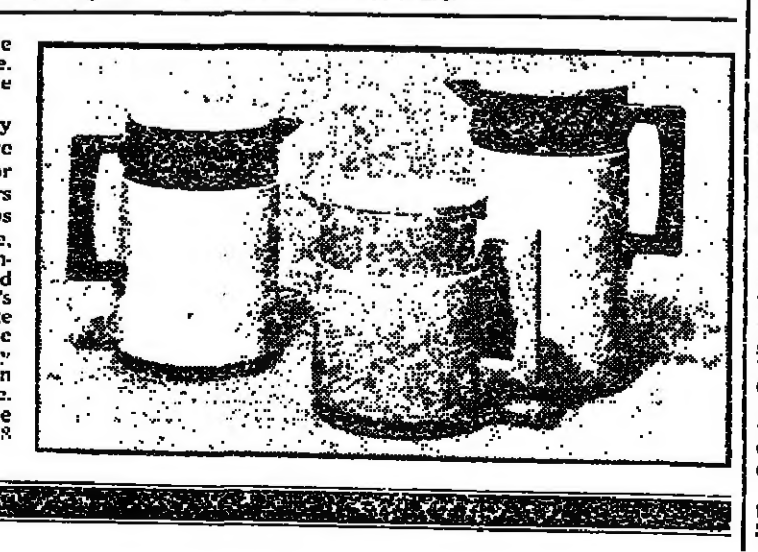


● Hooks of the kind in the photograph have been about for some years but I rarely find ironmongers or hardware shops that stock or know them. Now the Harrison K Packs Friction Hooks have been well distributed to such shops and to store groups like Debenhams and the Co-ops—Harrisons being the familiar firm that makes curtain track, adjustable shelving and other prepacked hardware. The address is Harrisons of Birmingham, Box 233, Bradford Street, Birmingham B12 0PE. Harrison K Packs include 2 hooks for 30p. They are designed to hold long-handled brooms and tools flush to the wall.



● Farmhouse frypans that are ideal for huge, family breakfasts on holiday or for appetising pascals or risottos are in heavy-gauge aluminium with non-stick interiors. I like the two-handled pan for its versatility as well as for its looks. These Harbenware pans are 15 inches diameter (£4.67) or 12 inches (£3.94). During the initial launch period, you can buy them at special prices, direct from Harbenware, for £3.24 post free and £2.58, post free. Send cash with the order to Harbenware (Dept. H), Hanover Mill, Filzroy Street, Ashton-under-Lyne, Lancs.

Harbenware also does a very compact set of pans which are ideal for camping, boating, touring holidays, caravanning, or just for easy storage in small homes or flats. There are 3 round siepans (6, 7 and 8 inch diameters) which fit neatly inside each other together with an additional 8 inch frypan and the lids. Two detachable handles and a poacher tuck away inside the nest of pans, which is then secured by a strong, elasticated strap. Teflon-lined, the pans cost £7.30 the set, postage included, direct from Harbenware.



How to make a Duvet*

*Continental Quilt

1 All you need is a specially designed quilt cover from Acronics and the correct quantity of filling. Acronics has a full range of quilt covers and fillings to suit all tastes and budgets. You will also need a few pins and about 10 clothes pegs.

2 Hang up the quilt cover and fill it with the correct quantity of filling. Acronics has a full range of quilt covers and fillings to suit all tastes and budgets. You will also need a few pins and about 10 clothes pegs.

3 Turn edges of quilt cover and fill it with the correct quantity of filling. Acronics has a full range of quilt covers and fillings to suit all tastes and budgets. You will also need a few pins and about 10 clothes pegs.

Full instructions and details of Acronics Home Textiles are available from Acronics Ltd, 0-11, 249 St. John Street, London E.C. 4, or on 0-11-240 1115.

DAY OR NIGHT

ACRONICS

مكتبة الادب

Close put Surrey in. It was a plumb pitch, a

There was a large crowd, perhaps 10,000, certainly too big for the stadium, and the gates opened at 11.0, and then opened again at the instance of the enthusiastic Somerset chairman. Few of the players were seen, and there was not a note of them had seats, but everybody seemed to mind. Five thousand scorecards were sold, and many of the spectators were up and up to the minute as they always are in Somerset—and hardly anywhere else, with respect to cricket.

Barold Glimbert told me that it was the largest crowd he had seen at Taunton since the address was played here in 1914. I remember that match. I was travelling down to the west, from Oxford and was waiting to watch for a four days' run on a hot afternoon on a painful tiptoe. Somerset were

SURREY		
J. H. Edric	bat	59
J. P. Stinner	c. Kitchen	52
J. H. Stinner	run out	51
V. M. Moseley	run out	50
G. Moseley	run out	49
G. Moseley	c. Richards	48
J. Moseley	bat	47
J. Moseley	c. Denning	46
D. B. Jackson	c. Moseley	45
J. P. Pocock	bat	44
J. P. Pocock	not out	43
J. P. Pocock	not out	42
J. P. Pocock	not out	41
Total 17 wks. 60 overs		354
A. R. Butcher, G. G. Arnold did not bat		
FALL OF WICKETS: 1-56, 2-109, 3-109, 4-172, 5-211, 6-211, 7-211, 8-211, 9-211, 10-211, 11-211, 12-211, 13-211, 14-211, 15-211, 16-211, 17-211, 18-211, 19-211, 20-211, 21-211, 22-211, 23-211, 24-211, 25-211, 26-211, 27-211, 28-211, 29-211, 30-211, 31-211, 32-211, 33-211, 34-211, 35-211, 36-211, 37-211, 38-211, 39-211, 40-211, 41-211, 42-211, 43-211, 44-211, 45-211, 46-211, 47-211, 48-211, 49-211, 50-211, 51-211, 52-211, 53-211, 54-211, 55-211, 56-211, 57-211, 58-211, 59-211, 60-211, 61-211, 62-211, 63-211, 64-211, 65-211, 66-211, 67-211, 68-211, 69-211, 70-211, 71-211, 72-211, 73-211, 74-211, 75-211, 76-211, 77-211, 78-211, 79-211, 80-211, 81-211, 82-211, 83-211, 84-211, 85-211, 86-211, 87-211, 88-211, 89-211, 90-211, 91-211, 92-211, 93-211, 94-211, 95-211, 96-211, 97-211, 98-211, 99-211, 100-211, 101-211, 102-211, 103-211, 104-211, 105-211, 106-211, 107-211, 108-211, 109-211, 110-211, 111-211, 112-211, 113-211, 114-211, 115-211, 116-211, 117-211, 118-211, 119-211, 120-211, 121-211, 122-211, 123-211, 124-211, 125-211, 126-211, 127-211, 128-211, 129-211, 130-211, 131-211, 132-211, 133-211, 134-211, 135-211, 136-211, 137-211, 138-211, 139-211, 140-211, 141-211, 142-211, 143-211, 144-211, 145-211, 146-211, 147-211, 148-211, 149-211, 150-211, 151-211, 152-211, 153-211, 154-211, 155-211, 156-211, 157-211, 158-211, 159-211, 160-211, 161-211, 162-211, 163-211, 164-211, 165-211, 166-211, 167-211, 168-211, 169-211, 170-211, 171-211, 172-211, 173-211, 174-211, 175-211, 176-211, 177-211, 178-211, 179-211, 180-211, 181-211, 182-211, 183-211, 184-211, 185-211, 186-211, 187-211, 188-211, 189-211, 190-211, 191-211, 192-211, 193-211, 194-211, 195-211, 196-211, 197-211, 198-211, 199-211, 200-211, 201-211, 202-211, 203-211, 204-211, 205-211, 206-211, 207-211, 208-211, 209-211, 210-211, 211-211, 212-211, 213-211, 214-211, 215-211, 216-211, 217-211, 218-211, 219-211, 220-211, 221-211, 222-211, 223-211, 224-211, 225-211, 226-211, 227-211, 228-211, 229-211, 230-211, 231-211, 232-211, 233-211, 234-211, 235-211, 236-211, 237-211, 238-211, 239-211, 240-211, 241-211, 242-211, 243-211, 244-211, 245-211, 246-211, 247-211, 248-211, 249-211, 250-211, 251-211, 252-211, 253-211, 254-211, 255-211, 256-211, 257-211, 258-211, 259-211, 260-211, 261-211, 262-211, 263-211, 264-211, 265-211, 266-211, 267-211, 268-211, 269-211, 270-211, 271-211, 272-211, 273-211, 274-211, 275-211, 276-211, 277-211, 278-211, 279-211, 280-211, 281-211, 282-211, 283-211, 284-211, 285-211, 286-211, 287-211, 288-211, 289-211, 290-211, 291-211, 292-211, 293-211, 294-211, 295-211, 296-211, 297-211, 298-211, 299-211, 300-211, 301-211, 302-211, 303-211, 304-211, 305-211, 306-211, 307-211, 308-211, 309-211, 310-211, 311-211, 312-211, 313-211, 314-211, 315-211, 316-211, 317-211, 318-211, 319-211, 320-211, 321-211, 322-211, 323-211, 324-211, 325-211, 326-211, 327-211, 328-211, 329-211, 330-211, 331-211, 332-211, 333-211, 334-211, 335-211, 336-211, 337-211, 338-211, 339-211, 340-211, 341-211, 342-211, 343-211, 344-211, 345-211, 346-211, 347-211, 348-211, 349-211, 350-211, 351-211, 352-211, 353-211, 354-211, 355-211, 356-211, 357-211, 358-211, 359-211, 360-211, 361-211, 362-211, 363-211, 364-211, 365-211, 366-211, 367-211, 368-211, 369-211, 370-211, 371-211, 372-211, 373-211, 374-211, 375-211, 376-211, 377-211, 378-211, 379-211, 380-211, 381-211, 382-211, 383-211, 384-211, 385-211, 386-211, 387-211, 388-211, 389-211, 390-211, 391-211, 392-211, 393-211, 394-211, 395-211, 396-211, 397-211, 398-211, 399-211, 400-211, 401-211, 402-211, 403-211, 404-211, 405-211, 406-		

Two fine in

innings in Kent

Victory

Ealham made 46 and with Knot put on 42 runs in four overs. The centrepiece of this punishing job came the last over, Illingworth's twelfth over, when Ealham smothered him for six behind square leg, four to long leg and six again in the final over. Illingworth's famous lime tree at midwick.

It had given Illingworth a rousing send off with 23 runs of the match, victory, a backward glance and looking into the possibility of making a catch, an unexpected trip, backwards and into the crowd seated in the boundary. A run around the ample girth of the tree. Davison may have then decided to

event received FISA's official blessing as a championship in 1974 when, for the first time, over 100 crews from 21 nations arrived to take part in the northern Greek town of Joannina.

While there is a fair amount of waste in the transition from junior to elite class, it is significant that the present British national eight coxless crew and four silver medal winners

Tennis

Doubletrouble

By Rex Bellamy
Tennis Correspondent
The British junior tennis cham-

contest the petites (seventeen and under) and the grands (eighteen and over) finals.

The British team, drawn again from the Upper Thames region, are well coached and managed. But standards are relative in regional events at intermediate level and the overall standard of the British team cannot even be assessed until the Friday repêchages. In the British championship the Abingdon John

[illegible]

1. The first step in the process of creating a new product is to identify a market need. This involves conducting market research to determine what consumers want and what problems they are trying to solve. Once a need is identified, the next step is to develop a concept that addresses this need. This concept should be unique, valuable, and feasible. The third step is to create a prototype of the product. This allows the company to test the concept and make any necessary adjustments before moving forward. The fourth step is to conduct a pilot test. This involves selling the product to a small group of customers to gather feedback and assess its market potential. Finally, the company can launch the product on a larger scale, monitoring its performance and making adjustments as needed.

EASTBOURNE: The Pakistanis, with seven wickets in hand, are 148 runs behind D. Robins's XI

[illegible]

Barry quietly, but after 28 overs the

Wilkinson

By Gerry Harrison
WORCESTER: *Nottingham* with five wickets in hand, now runs to beat *Worcestershire* over.

Although *Nottingham* worked hard in the first began brightly with the batsmen and one spell turned in rain affected day in fact *Worcestershire*. The spell when *Nottinghamshire* lost key batsmen for five runs eighth, tenth and eleventh. The man was Keith Wilkinson, 24-year-old all-rounder *Sourbridge*, whose only first-class outing this season against *Oxford University* he scored 141 and 80.

Here he provided the bats of the *Worcestershire* innings we are left with the iron came late *Worcestershire* began race in a Gillette Cup match the man of the match was *Flasks* had been drained

the ground and through his legs to the boundary. Dennis then dropped by Steele off his hauling. When Kent at-

provides a tour

Extras (1-b 6, n-b 3) ..

[illegible]

... courts in September.
... separate championships p
... comprehensive test of abl

indoor and clay court tennis is her first full year in the state. She is showing signs of becoming a stomach ailments tournament, respiratory ailments at another, together with pulled muscles and, this year, a troublesome shoulder. (The number of playing five doubles in during last week's international championships).

These daunting consequences of full-time tennis must serve as warning to Miss Mottram, a year younger and has just school to set out on her own.

These
provide a
city. The

to be seriously challenged by the fact he has a possible semi-finalist in Paul Friedman, who has been in fourth final, but is back in the fourth this week. It looks as if these junior champions will amount to the survival of the fittest. In sports that could have the effects of tennis on growing teen-agers, the field for study.

BOYS' SINGLES: Forthright, H. (Miss) Sargent beat P. H. (Miss) Sargent, 6-4, 6-3. (Miss) Sargent beat M. R. (Miss) Sargent, 6-4, 6-3. (Miss) Sargent beat C. E. (Miss) Sargent, 6-4, 6-3. (Miss) Sargent beat N. C. (Miss) Sargent, 6-4, 6-3.

stays in front a
k of course

together at the windward Norbery drew away on the ing, shon, windward leg the lake and rounded the downwind leg with a cle at this point we thou desired to call away for

J. M. Gregory (Derbyshire), 6-1; M. Tyler (Kent), 6-1; (Berkshire), 6-2, 6-3; L. son (Yorkshire), 6-1, 6-2; A. F. (Cheshire), 6-1, 6-2.

Race officer under fire by visiting c

By Our Torquay Correspondent
The fourth race in the world dinghy championship Torquay was abandoned in a force six wind, and a visibly angry New Zealand Australian accused it

[illegible]

LITTLEWOODS BOOLES LIVERPOOL

EXPENSES AND COMMISSION FOR THE 13th JULY 1974 - 28.5%
YOUR LOCAL COLLECTOR WILL BE HAPPY
TO SUPPLY AND COLLECT YOUR COLLECTOR

Among many Treble Chance winners this week an 18yr (Wirral) man wins £50,334. A local of London has

Stead beat him once or twice, but miss D'Oliveira, and it was Taylor getting more life out next ball by Stead.

city of 150 to 152 golfers representing 23 countries. They will play for prize money of £17,500 including a first prize of £2,660.

was bowled
trying to jab
Wright

Townsend, Horton and Bembridge. Brian Barnes will captain the Scotland team, Christy O'Connor, senior, again leads the Irishmen.

bad race. Yesterday's
other long, slow one
t, variable winds. On
d, heavy fog, the

...a few hundred yards to sail. After what seemed an eternity, it was Norbury's turn to pull ahead and after one more wracking port

ght it should not have been
adoned, but shortened to two
ds as it was for the first race;
unday when similar conditions

the Australian champion.
Bethwaite, from Sydney,
backed up Paterson's com-

100

10-11-50

Racing

By Michael Phillips
Racing Correspondent

By Jim Snow

b. From Neil Allen
7. Ashtoria Correspondent

Redcar programme

[Television (IBA): 3.0, 3.30 and 4.0 races]

2.30 RUNSWICK BAY STAKES (3-y-o)

7	0000	Nalle Sanceli, N. Payne	9-0
8	0000	Lymanth, T. Fairhurst	9-0
9	0000	Lymanth, T. Fairhurst	9-0
10	0000	Bridle, (S)	8-1
11	0000	Teder Gus (D), Hbl Janna	8-1
12	0000	Lymanth, (S)	8-1

15-8 Whimpering (Jace), 4-1 The Saint, 5-1 M
Lymanth, 10-1 Hally Spence, 14-1 Bridle.

3.0 ROBIN HOOD'S BAY AUCTION PLAT

0	004	Serie Fille, A. S. Stenhouse	9-11
1	004	Oliver Cromwell, P. Colv	8-8
2	004	Mathie Dancer, C. Payne	8-8
3	004	Mathie Dancer, C. Payne	8-8
4	0040	Frankly Speaking, L. Darnall	7-10
5	004	Frankly Speaking, L. Darnall	7-10
6	004	Frankly Speaking, L. Darnall	7-10
7	004	Frankly Speaking, L. Darnall	7-10
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4.30 HUMMERSEA AUNTIE (Hanna)

11	1004	Sile Rule, S. Hall, 1-9-7
12	1224	Retrial (D), G. Bull, 5-5-7
13	1000	Retrial (D), G. Bull, 5-5-7
14	1000	Goodison (D), G. Bull, 7-8-7
15	0036	Goodison (D), N. L. Eastern, 1-7-7
16	0036	Freeloud (D), N. L. Eastern, 7-7-7
17	0003	Freeloud (D), N. L. Eastern, 7-7-7
18	1115	Freeloud (D), N. L. Eastern, 7-7-7
19	1115	Goodison (D), S. Hall, 1-9-7
20	1115	Goodison (D), S. Hall, 1-9-7
21	1004	Freeloud, 12-1 Freeloud, 1-1 Early Morning.

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BOLD LOOM , b. g., by Goldfinch Loom, s. s. 2 lb.	Perrin
RED DAWN , ch. h., by Red Sun Dawn, s. s. 2 lb.	L.O.L.D. , french
COURT KNITTEL , b. g., by Bird Knittel—Hart of Field, Sir Carterton, s. s. 7 lb.	I'M A Bright Brown
ALSO RAIN , b. m., by Highland Rain, s. s. 2 lb.	also gained
TOTTIE , w. dls., sherry, s. s. 2 lb. Tott, s. s. 2 lb.	TOTT increased, Irish 2 lb.

[illegible]

any way and as far as I was concerned I came into the third at the beginning of the season.

and just kept there, all the while Carter admitted that he had started far too slowly but he had

Yesterday's results

Men

200 METRES: J. A. Bennett (GB) 21.0 sec.; C. C. Monk (GB) 21.1; J. Johansson (Sweden) 21.4; S. Ebersole (Sweden) 21.5.

400 METRES: L. A. Carter (GB) 1:47.3; A. S. Sjöman (Sweden) 1:47.4; A. B. Johansson (Sweden) 1:48.0.

500 METRES: J. D. Black (GB) 2:14.0; S. Ebersole (Sweden) 2:15.1; H. R. S. Fort (GB) 2:15.4; J. Johansson (Sweden) 2:15.4.

100 METRES HURDLES: J. A. Bennett (GB) 21.0 sec.; C. C. Monk (GB) 21.1; J. Johansson (Sweden) 21.4; S. Ebersole (Sweden) 21.5.

Pascoe (GB), 30.2 nrc, 2 L, 6
 (GB), 31.7; A. K. Chervilov (Sov)
 32.2; A. G. Mueller (Sweden), 34.0
 10,000 METRES WALK
 Tonngard (Sweden), 43 min.
 25.8; A. L. Hughes (GB), 1:45.0
 Laughlin (GB), 15:16.4; A. T.
 (Sweden), 45:34.0.
 JAVELIN
 (Sweden), 27.71 m; J. L. Kovch
 (Sweden), 28.88 m; J. J. Svoboda
 25.35 m; G. J. Oliver (GB), 24.90 m.
 POLE VAULT
 (Sweden), 2.79 m; In. U. I. Jacob
 (Sweden), 26.1 m; Gull and B. K.
 (GB), failed to clear 15 ft.
 TRIPLE JUMP
 (Sweden), 31 ft 8 in; P. O. Jön
 (GB), 31.3 m; B. K.

Polo
Cowdray Park
stretched
by scratch team

By Andrew Porter
Stowell Park beat Pimms and Cowdray Park defeated G Eagles 10cd 111 6-51 in quarter-final round of the Cow Park Challenge Cup last night. The first match Moore and rantes provided a firm base success. Mark Vestev, who playing three, demonstrated adaptability at No 1. Pimms with the same four players, won the Gold Cup in 1970. st

one of those days when nothing goes right. It was a fast game all the way, with Moore unusually in charge. He hit three goals, two from penalties, and Vestey and Barragres each scored twice. Brecknock and Ferguson combined for a splendid goal for Pimms. Ferguson tapped through a pass from 10 yards. Cowdray would have been unlucky to lose the second match. They played a smooth, well-coordinated game with Walker, their new No. 3.

cently arrived from Australia, fitting in well to strange ponies and strange grounds. Withers back at his best, biting accurately and long, and Hare was safe. But they nearly got held by a scratch team with few ponies. Basualdo was faced with problems in the morning—two of his players had no ponies. A determined character might have scratched. He collected a scratch team and they all went flat. Devich was speeded at back.

Basualdo himself has played better.

Here hit the first goal Cowdray (from a penalty), and have Basualdo nipping through score. Withers hit three goals Cowdray in the second period. In the third Cernadas, roped a play an hour before the game strange ponies, hit the goal of match, a near-side shot under pony's neck. In the fourth Cernadas hit two clever ponies goals to put his side in the l

A fine nearside shot by Wallace gave a deserved victory to Gray. They were undisturbed on the better side.

Langley Prior beat Park F. 5-4 in the semi-final round of Holden White Cup.

STOWELL PARK: M. Vest (11), D. Gemmell 3 (2), E. Moor (3), H. Barranres 7 (back).

PIAMIS: Lord Brecknock 3 R. Tonge 6 (2), D. Gonzalez 8 Major R. Ferguson 5 (back).

Croquet
CHELTENHAM, New Zealand
Australia, 2 (1), MacPherson
Trophy, 1 (1), Australia, 1 (1)
1 (1), 2 (1), 3 (1), 4 (1), 5 (1), 6 (1), 7 (1), 8 (1), 9 (1), 10 (1), 11 (1), 12 (1), 13 (1), 14 (1), 15 (1), 16 (1), 17 (1), 18 (1), 19 (1), 20 (1), 21 (1), 22 (1), 23 (1), 24 (1), 25 (1), 26 (1), 27 (1), 28 (1), 29 (1), 30 (1), 31 (1), 32 (1), 33 (1), 34 (1), 35 (1), 36 (1), 37 (1), 38 (1), 39 (1), 40 (1), 41 (1), 42 (1), 43 (1), 44 (1), 45 (1), 46 (1), 47 (1), 48 (1), 49 (1), 50 (1), 51 (1), 52 (1), 53 (1), 54 (1), 55 (1), 56 (1), 57 (1), 58 (1), 59 (1), 60 (1), 61 (1), 62 (1), 63 (1), 64 (1), 65 (1), 66 (1), 67 (1), 68 (1), 69 (1), 70 (1), 71 (1), 72 (1), 73 (1), 74 (1), 75 (1), 76 (1), 77 (1), 78 (1), 79 (1), 80 (1), 81 (1), 82 (1), 83 (1), 84 (1), 85 (1), 86 (1), 87 (1), 88 (1), 89 (1), 90 (1), 91 (1), 92 (1), 93 (1), 94 (1), 95 (1), 96 (1), 97 (1), 98 (1), 99 (1), 100 (1), 101 (1), 102 (1), 103 (1), 104 (1), 105 (1), 106 (1), 107 (1), 108 (1), 109 (1), 110 (1), 111 (1), 112 (1), 113 (1), 114 (1), 115 (1), 116 (1), 117 (1), 118 (1), 119 (1), 120 (1), 121 (1), 122 (1), 123 (1), 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Token start to Ashley's grand prix career

year that Tom Pryce, now a member of the UOP Shadow team, first demonstrated his outstanding talent as a Formula 1 driver. But whereas Pryce was able to do so on familiar territory at Silverstone and later on the Nivelles circuit in Belgium, Ashley's task must be considerably more daunting. The 14.2 miles Nurburgring, despite its many improvements over the past four years, is still considered to be the greatest of all challenges to a grand prix driver.

Two big names behind Leeds reunited

Baseball

NATIONAL LEAGUE Pittsburgh Pirates 6, New York Mets 1. New York Mets 4, Pittsburgh Pirates 3. Montreal Expos 3, Chicago Cubs 2. San Francisco Giants 6, Atlanta Braves 1. St. Louis Cardinal 4, Philadelphia Phillies 3. Houston Astros 4, Philadelphia Phillies 3. Los Angeles Dodgers 8, San Diego Padres 4.

LEAGUE Milwaukee Brewers 6, New York Yankees 0. Montreal Expos 3, New York Yankees 0. Montreal Expos 3, New York Yankees 0.

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INTERNATIONAL



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THE SOURCE OF SCANDAL

The police have now established that Mr. Short never had an account with the Swiss bank and that the documents which purported to show that he did were indeed forgeries. Mr. Short and his family must have had an extremely unpleasant fortnight; during that time he was subject to inquiries which he clearly resented and to the unpleasantness of having had a totally false allegation made against him which he was waiting to see disproved. It was not the fault of the press that a fortnight elapsed while the matter was being cleared up, and the press inquiries so far as we know, were put through his office. Yet an innocent man has had a painful time and that is a matter for regret and sympathy.

What is even more serious is that the forger must have had some intention to discredit Mr. Short who is after all a very senior member of the Labour Government. One says "some intention" because the motivation of the forger is not completely clear. The forger must have known that the truth would be established. He cannot therefore have expected to do lasting damage to Mr. Short, who was bound to be vindicated when the truth came out. He probably hoped to create a general impression of public corruption. He may also have hoped that the members of Parliament to whom he sent the documents would be completely taken in by them, and would use them as the basis of charges in Parliament without attempting verification. In this

way he may have hoped to discredit a wider circle of politicians as well.

No one yet knows who the forger was. It was, however, not an unconsidered or casual forgery since it certainly required considerable preparation. Suitable Swiss bank documents, either blank or belonging to some genuine account, had to be obtained. They had to be doctored and at least in the case of the document which purported to be an account sheet, a type-writer face not normally available had to be obtained. It could all have been done by one person, but that person would have had to devote considerable care and preparation to his work, and he would have had to have access to confidential paper. Of course the accidental acquisition of Swiss bank documents may have prompted the idea of forgery in some irresponsible person's mind.

In modern times political forgery has been used by the KGB, and perhaps by other secret services. It is important therefore to track down the responsibility in this case. The temptation to use this method and the apparent possibility of its success do reflect the measures of corruption which now circulate widely in Britain. Both Mr. Heath and Mr. Wilson have concurred in the decision not to hold any public inquiry into the Poulson matter. The Labour Party has not held an inquiry into the corruption in the North East. Some individuals have been convicted in the Poulson case, but the public has no general account of what occurred and the real extent of

the corruption has not been determined. Rumours therefore flourish because the public knows that corruption has occurred, and knows that it has been proved against certain individuals who are now in prison, but does not know, or feel that it knows, the whole story. That is the burden of Mr. Milne's complaint and in this Mr. Milne is right.

The legal profession has a special responsibility. An undue desire to protect the legal process, even at the expense of other processes of public inquiry, has led, for instance, to the scandalous example of the Thalidomide case. No adequate inquiry has ever been conducted into the responsibility for these appalling mutilations, though it is clear that they resulted directly from the sale of an inadequately tested drug by the Distillers Company.

The youngest of the children born with these tragic defects are twelve years old this year. Newspaper inquiries have been stopped by the law of contempt in order to protect legal proceedings which have already lasted for nearly twelve years and could well last for twenty. By a decision reached yesterday they are also stopped because the Distillers Company have a right to protection—because they were disclosed in another action—in those very documents which might help to determine their responsibility. This is the situation of the law, but that it should be the situation of the law is a matter for which every individual lawyer ought to feel the most profound concern and shame.

Who will lead against inflation?

From Mr Douglas Eden
Sir, As a prospective Labour Parliamentary candidate, my sense of concern at Parliament's increasing irrelevance and loss of public respect has developed into alarm.

Following Reg Prentice's call at the weekend for a Government "prepared to risk unpopularity by telling people the unvarnished truth about the critical economic situation," two of its Cabinet colleagues on Monday took a directly contrary view. The Trade Secretary, in a speech to the World Trade Centres Association, and the Chancellor, in his budget statement, demonstrated clearly that, so far as they are concerned, the present Government is not the one Mr. Prentice has in mind.

They prefer to treat a few of inflation's symptoms rather than attack the virus itself, at least on the side of a general election. The patient has pneumonia and is being given cough mixture instead of penicillin by a doctor who tells him he only has a cold and penicillin might make it worse.

Your leader on Tuesday (July 23) and Lord Chalfont's article on Monday (July 22) put the issue clearly and accurately. Spiralling inflation presents a far greater threat to the living standards, security and independence of ordinary people than early, controlled and even-handed measures to reduce it. Inflation is sapping our will to live and work together democratically. It is providing an opportunity for those who wish to replace Parliamentary democracy with another creed to exert an influence out of all proportion to their numbers.

The country needs strong, firm and honest leadership which can renew our faith in our democratic system, and it must start by telling the people the truth about the crisis. If Parliament fails to provide this leadership, it will become totally irrelevant and people like me must seriously ask ourselves why we should seek election to it.

My immediate problem as a Labour candidate is the increasing strain being placed on the Labour coalition by a series of issues, the most vital and urgent of which is inflation and the economy. The Prime Minister and various of his colleagues remain silent on such controversies or support aspects of opposing views on different occasions.

In as broad a coalition as the Labour Party now is, this represents a method of leadership devised to hold the coalition together, but it carries with it the risk of undermining and even destroying popular respect for Parliament's authority. The alternative is to lead from a position of strong conviction with a clear determination to explain the situation, support the necessary policies and restore the integrity of Parliament.

This would of course put the coalition at risk, but if strong leadership cannot save it, the question must be asked if anything can in the difficult months ahead. There are far more constructive and honest ways for political leaders to exploit backbenchers' claims than basic desire for survival than are being exercised at present.

Yours faithfully,
DOUGLAS EDEN,
Prospective Labour Parliamentary Candidate for Berwick-upon-Tweed, Members' Lobby.

From Professor J. F. Pearce
Sir, As one of the signatories of the letter to the Prime Minister referred to by Professor G. Maynard (The Times, July 27), may I add a purely personal word of explanation?

I do not believe that it makes sense to try to identify some single cause of world inflation. Obviously there is an element of truth in Professor Maynard's claim that when wages rise, governments may feel bound to increase the money supply as soon as the inevitable shortage makes itself felt. But one might equally argue that buoyant demand encourages wage increases since there is much less pressure to resist wage demands when these can be recouped by raising prices.

In the same way we might follow up Professor Maynard's claim that rises in world commodity prices contributed to inflation by asking why caused the world commodity price rises. The fact that these prices are now declining is a clear indication that some part of the phenomenon was due to speculation triggered off by uncertainty in an inflationary world.

The truth is that inflation is an organic process affecting the whole body. One symptom feeds upon another. The important thing is not to know how to disentangle the subtle chain of cause and effect but to know how to break it. If Professor Maynard's claim is correct, then does that "an increase in the quantity of money is both necessary and sufficient for inflation," then he must equally agree that one sure way to stop inflation is to stop printing money. And this was our point.

We suggested also that the power of trade unions to create inflation

is no stronger than the willingness of government to validate wage increases by providing, in one way or another, the cash to meet them. The maintenance of buoyant demand through budget deficits is one such way.

At a time when the market rate of interest is 16 per cent almost the whole of industry's current financial needs are met free of charge out of retained profits earned as a consequence of buoyant demand. When we return to the old fashioned idea that money means control over goods and resources which are in limited supply and that those who want control of resources should pay the market price, then and only then will world inflation cease.

Yours faithfully,
IVOR LEAVIS, Professor of Economics,
The University,
Southampton, Hampshire.

From Dr F. R. Leavis
Sir, Your leader, "Only Thirty Against Inflation" of Friday, July 26, illustrates very notably why I know I must give thanks for the continued existence of The Times. It does not follow from my saying that I really like the way in which your attitude is expressed. For instance, I think—as you seem not to—that the Prime Minister and the Leader of the Opposition judged soundly in believing, both of them, that the actions to be politically astute.

I intend to censure you in this comment: things are as they are and entail considerations of necessity. You could hardly argue that you were appealing to "undemocratic" conceptions of the "country" and the "electorate" in committing yourself (eg) to the following:

"It is neither realistic nor flattering for Mr Wilson and Mr Heath to assume as a matter of course that the electorate in the autumn will care more about how the Opposition voted on the easement of rates than about the country's survival. They will compare the will and the ability of all three parties to tackle inflation at its roots—at its real roots in sound budgetary and fiscal policies."

A politician's business is to win the next election. The "democratic" electorate is a vast one, and pretty comprehensive: it is "undemocratic" now to question the propriety of giving the vote to adolescents of eighteen. A statesman must be a politician, and a politician knows that it is undemocratic to entertain serious such notions of any mobilizable majority as are implied here: "They will compare the will and ability of all three parties to tackle inflation at its roots..."

I am not intending to suggest that I think your stating resonantly the country's need of a statesman pledged to "fight inflation" as Winston Churchill fought the Nazis" absurd and pointless: The economic crisis imposes itself as the immediate problem that must be met—honestly, intelligently and courageously, and it is well that the facts should be proclaimed as you proclaim them. One can only hope that the challenge will be taken up—as sufficiently insisted on, it may be so as to issue in effective action.

But no problem will be permanently solved if the crisis of civilization is thought of as merely an economic one; humanity will not be saved. There is urgent need to fight not for the sake of recognition of that menacing truth, the battle will be at best prolonged and desperate. Will The Times lend itself to the encouragement of those intent on winning that battle?

The sickness of humanity today is that it has nothing to believe in but economic growth, money, equality and welfare.

Yours etc,
F. R. LEAVIS,
12 Sulgrave Gardens,
Cambridge.

Wage costs in London

From Mr Iltyd Harrington and Mr Oliver Stutchbury
Sir, We are writing from the opposite political camp to support Mr Douglas Hurd's appeal to the Secretary of State (July 30) to re-examine the effect of inflation on the present rating system.

The effect of implementing the Pay Board's recommendation on London weighting is to increase the annual burden on London rates by about £60m (of which £20m represents the London weighting element of the LTE wage increase). This is 3p on the rates.

But the Central Government recovers 33 per cent of this (ie, £20m per annum) through increased personal taxation on the recipients of the wage and salary increases.

It is not reasonable for Whitehall to stand in a white sheet and admonish local authorities about their extravagance. Whitehall benefits from the "fiscal drag" caused by inflation. Rate collectors do not. Yours faithfully,
ILTYD HARRINGTON,
OLIVER STUTCHBURY,
County Hall, SE1.

The Falkland Islands

From Mr Michael Clark Hutchison, Conservative MP for Edinburgh, South
Sir, The letter (July 27) from my friend and colleague, Richard Luce, explains the situation confronting the Falkland Islands clearly but may I stress two points?

Firstly, the Falkland Islands were discovered by Captain Davis in 1592. They have been continuously settled by British people since 1833. The inhabitants wish to retain their strong British connections. The Argentine claim is so weak that the Republic has always refused to go before the international courts. Why, then, have talks or talks about talks?

The position is clear and in justice to the Islanders the British Government should adopt a strong line to end this irritation and intermittent sniping. Which of us would like our future rendered needlessly uncertain because of government wavering or indecision?

Secondly, doubt or disgust must frighten off investors. Oil almost certainly exists south of the islands. Seaweed, a commodity used in the making of alginates and becoming in short supply in the western world, abounds in the Falklands. The fishing possibilities are enormous. We owe it to the Islanders—our own people—to adopt a firm policy, announced once and for all, to ensure their future prosperity and to enable their population to expand. I am, Sir, yours faithfully,
MICHAEL CLARK HUTCHISON,
House of Commons,
July 30.

'Last resort of guilt'

From Mr Macdonald Hastings
Sir, On a journey to the Western Isles, in the footsteps of Dr Samuel Johnson, I have been re-reading in quiet places the great man's own narrative. In passing, he remarks that "the audacity of stubbornness is the last resort of guilt." Your readers may find parallels.

Patient and doctor relationship

From Mr C. W. S. Marris
Sir, Towards the end of his long letter of complaint (July 29) Professor Allen asks three questions.

First: "Has a patient no right of criticism without the risk of penalty?" Since by "penalty" he means being removed from the list of a GP whose advice he declines to accept and against whose professional conduct he wishes to complain, the answer must be "Yes". But few other people would regard this as a penalty.

Second: "Is there a special relationship between local hospital consultants and GPs which transcends that between patients and their doctors?" By which he means "Did my GP kick me off his list at the consultant's request?" Anyone who knows the relationship between GPs and consultants will agree that the suggestion is so absurd as to infer a persecution complex. The consultant would be asking the GP to surrender his independence and to reduce his income without being able to offer any benefit in return.

Third: "What redress has a patient got in the case of unsatisfactory medical attention?" Courtesy suggests that he should first complain direct to the doctor concerned. Second, he can complain formally to the Family Practitioner Committee. Third, he can bring a civil action for damages, a course which should commend itself to Professor Allen since the doctor's conduct will then be judged by laymen. (He would, of course, if he can find one, employ a solicitor whose competence has been formally tested since admission.)

But satisfactory medical treatment depends on the patient's trust in his doctor and no administrative safeguard is an adequate substitute for this trust.

So long as Professor Allen tries to dictate the management of his own ward, he will continue to fail in his aim. His distrust of his patients will feed his general distrust of doctors and his problem will be self-perpetuating. Yours faithfully,
C. W. S. MARRIS,
11 Uplands Avenue,
Bradmore,
Wolverhampton,
July 29.

From Mr A. M. Gordhandas

Sir, Professor Allen's letter raises very important issues. It is more or less axiomatic that the patient-doctor relationship is based entirely on faith. It is this basic faith which helps to cure him. Drugs, physiotherapy, surgery, psycho-analysis are

the means.

Yours faithfully,
A. M. GORDHANDAS,
43 Cliff Gardens,
Scunthorpe,
South Humberside,
July 29.

A referendum on EEC membership

From Mr Richard Carswell
Sir, It is astonishing how glibly some politicians are sliding into an acceptance of a referendum on membership of the European Community, without examining its constitutional implications. After 15 years of debate and repeated applications by both Conservative and Labour Governments, Britain finally joined the Community in 1973. The terms of membership were subjected to lengthy consultation between MPs and their constituents between July and October 1971, and subsequently debated and voted on in Parliament on October 28, 1971. The treaty was duly ratified by Parliament after lengthy debate in 1972.

Those who opposed these decisions want to reopen the whole question, but this time they no longer trust our Parliament, which in the words of Mr Enoch Powell "is the personification of the people of Britain; its independence is synonymous with their independence; its supremacy is synonymous with their self-preservation and freedom". Their demand is for a referendum of all the British people to override, if necessary, the will of Parliament.

If a referendum were actually wanted by the electorate, and no evidence has yet been adduced that this is so, then first Parliament would have to decide by suitable legislation, determined by a free vote of all its MPs, to divest itself of its constitutional responsibilities by transferring its powers on this issue to the electorate voting in a referendum.

If Parliament so decided, the question of the issue to be put to the electorate would arise. Britain is legally a member of the Community. The electorate would have to be asked whether Britain should abrogate its treaty obligation and negotiate her withdrawal. It would be a momentous decision which would require a clear public commitment.

Many people would still be uncertain. Those who have doubts must have an opportunity to give voice to their doubts. There are two alternative methods. The first would give voters the choice of three answers, ie: Yes, No, and let Parliament decide. The second, perhaps more practicable method, would provide for people not willing to take on the burden of decision by taking account of abstentions from voting.

In the latter case a positive decision to withdraw from the Community would require a vote of more than 50 per cent of the whole electorate. Without such safeguards there would be a danger that one of the most momentous decisions in history might be reached by default.

Yours faithfully,
RICHARD CARSWELL,
Portland Place, W11,
July 29.

Dispute at government printing plants

From Mr Julian Critchley, Conservative MP for Aldershot
Sir, When will we see the results of Mr Michael Foot's attempts to solve the disputes at all HMSO printing plants?

There are three main disputes between the unions and HMSO. Two are over pay: the third is an inter-union demarcation dispute similar to the one affecting Odhams, Watford. The pay dispute is common to all seven HMSO plants. It has stopped the printing of Hansard, government Bills, pension books, saying stamps and telephone directories.

As MP for Farnborough I am particularly concerned at the stoppage of production of telephone directories. Work on these ceased at HMSO Gathead on July 15. These two presses produce all the 65 Yellow Pages and most of the alphabetical directories.

The four and a half month stoppage at Harrow already has had serious effects. Unless both plants resume work quickly, the employment prospects for the staff of Thomson Yellow Pages (in my constituency and elsewhere) will become very bleak since their staff of over 600 depend upon regular output of directories from HMSO.

Publication delays in the first half of 1974 have already resulted in lost sales of over £1m. If the delays continue, not only will this figure rise sharply (possibly to £5m), but the company's activities will grind to a halt. This can only cause redundancy. At the same time, the Post Office is losing revenue as well as incurring extra costs, all at a time when the Post Office's finances are in a parlous state.

Although Mr Foot personally chaired a conciliation meeting on July 8, three weeks later there is

all necessary at various times and at various stages in a patient's treatment. But unless the patient has faith in the doctor, effectiveness of all these remedies is greatly reduced.

Mind affects the body and the body affects the mind and any kind of treatment affects both, and the patient's relationship with the doctor affects his mind which, in turn, affects the body, thus causing such complexities, especially in chronic disorders or when pain is an important factor, that it becomes more or less impossible to find out whether it is the treatment, or the kind words and sympathetic attitude, or some natural defence mechanism which has cured the patient.

It follows that a patient should be able to choose his own doctor and if he loses faith, he should be able to change him. This is exactly where the NHS breaks down. In a small place, especially with group practices, choice of a general practitioner is very difficult and in a district general hospital choice of a specialist is sometimes impossible because very often there is only one consultant in a specialty.

Until, and unless a system is devised in which a patient has a choice of a doctor and the doctor has a sufficient vested interest in the patient to see that when the patient exercises his choice, he (the doctor) benefits, such instances will be commonplace. As it stands, the system brings out the worst in both the patient and the doctor. A bad patient makes extraordinary demands on a doctor and a bad doctor responds with doing the legal minimum required of him and nothing more. The only reason the system has worked well till now is the tremendous good will built up over years and years between the general public and the medical profession. Now that the system has slowly eroded the good will, the relationship is getting sour.

Professor Allen has been a victim of an administrative system which does not recognize these important principles. Unfortunately, for every one articulate, vocal and literate patient like Professor Allen, there are thousands who suffer in silence.

Lastly, I am sure, Professor Allen is not so naive as to believe that a sense of infallibility is a prerogative of the medical profession only. It is a part of the nature of a human being in power, no better exemplified than in the utterings of a doctrinaire politician dealing with the NHS.

Yours faithfully,
A. M. GORDHANDAS,
43 Cliff Gardens,
Scunthorpe,
South Humberside,
July 29.

As was expected Mr Ian Smith and the Rhodesian Front won all the white seats in the Rhodesian Parliament, though not without a challenge. Dr Abner Palley narrowly lost the seat which would have enabled him to become the voice of anti-Smith whites, a not inconsiderable number, and his doughty voice was lost to the opposition.

With this result Mr Smith professes to be overjoyed. He thinks it has obliterated the arguments of the opposition led by Mr Gibbs for fresh efforts to negotiate with the African National Council. However, Mr Smith may now feel in a stronger position to resume negotiations with a few more concessions. A number of his senior ministers did not stand at the election or have resigned office to permit an infusion of new blood; among those retiring being the successful finance minister Mr Wrathall, and the less successful foreign minister, Mr Howman.

But the more important withdrawal is that of Mr Lardner-Burke, whose hardline influence on such matters as detention may be less pervasive if he goes to the Senate, and even less so if he succeeds Mr Dupont in the presidential office in September. Mr Smith might open a new

chapter with the Bishop by rescinding the detention of Mr Edson Sibhole.

With a new and young team behind him, and his opponents nowhere, Mr Smith could feel he is now in a position to make some concessions to the Bishop which he refused last year, partly because the Rhodesian Front bourgeois set limits to any sort of flexibility. This is not at all certain, but he has said that he will call a round table conference of African groups. But unless the ANC attended it, it would convince nobody, and to get them to attend he has, at least in posture, to go beyond his rigid offers to the Bishop. So far he has not suggested he is prepared to offer very much more.

There may be a feeling among the white Rhodesians that the Africans are disillusioned by the slowness of developments in Mozambique and so more inclined to settle. There seems no reason why they should be. They watch events. The successes of Frelimo, the Portuguese retirement to defensive positions, General Spínola's public recognition of the right to full independence, all suggest things are going their way. So, too, does the Rhodesian Government's decision to resettle their frontier tribes-

permitted, of doing a great deal for themselves, for one another, and (through their work) for society at large. I do not think that our staff have either more or less than the average amount of human fellow-feeling, and I believe that there are many competent but by no means indefatigably benevolent people who would enjoy working in situations like ours.

Our Housing Association trying to provide accommodation in London at low cost and our small company built around the changing capacities of its employees need entrepreneurial ability and organizational

competence in management, versatile craftsmanship and human skills in supervision: for these qualities we have looked with some success to the business and practical world. I hope that people having the necessary skills, drawn by the opportunity of having their abilities stretched in a new context, will not feel that they need to acquire new moral apparatus before joining us or starting their own work in this field. Yours faithfully,
BRIAN BRIDGE,
Peter Bedford Project,
42 Aberdeen Park, NS,
July 24.

Value of self-help
From Mr Brian Bridge
Sir, I and my colleagues in the Peter Bedford Project have read with interest Michael Baily's sympathetic account of our activities ("How self-help can ease the pressure on social services", July 16); but some of us found the reference to us as "unobtrusive and indefatigable doers of good" rather hard to take.

Although the single homeless people who have come to us have been seen by others as problem cases requiring continuous professional care, we have found them capable, if

permitted, of doing a great deal for themselves, for one another, and (through their work) for society at large. I do not think that our staff have either more or less than the average amount of human fellow-feeling, and I believe that there are many competent but by no means indefatigably benevolent people who would enjoy working in situations like ours.

Our Housing Association trying to provide accommodation in London at low cost and our small company built around the changing capacities of its employees need entrepreneurial ability and organizational

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Government go-ahead for TSBs to 'develop as third force in banking sector'

By Margaret Stone
Trustee Savings Banks were given Government approval yesterday to become a third, independent banking force. For the first time they will be able to offer loans and overdraft facilities to 10 million depositors.

In a parliamentary reply, Mr Edmund Dell, Paymaster General, said the Government had agreed that the TSBs should be empowered to develop along the lines recommended by the Page Report on National Savings, published in June, 1973.

Although continuous discussions between the TSBs and the Government have been held since the report was published, the decision took the Trustee Savings Bank Association by surprise. Both Sir Athelstan Carle, the chairman, and Mr Philip Keen, deputy chairman, are on holiday.

The new proposals, which are welcomed by the TSBs, follow closely the Page Report guidelines. TSBs are to be given full independence in a transitional period of 10 years in which to build up reserves, remodel their structure and adapt themselves to their new functions.

A new central body will take



Sir Athelstan Carle, whose association welcomes the proposals.

build up their reserves over the 10 years by the transfer to them of surpluses (over the interest they pay to ordinary account depositors) from the Fund for the Banks of Savings. Money invested in TSB ordinary savings and current accounts is invested this way through the National Debt Office.

Ultimately, the TSBs will acquire full independence by gradually phasing out the Government's ordinary account department. When the new arrangements come into force—by next summer at the earliest—it is assumed that no new ordinary accounts will be allowed.

Existing depositors will enjoy their tax concessions until the end of the 10-year transitional period, when they will, if they wish, be able to transfer their savings to the National Savings Bank and enjoy the same concessions.

One of the main structural changes envisaged by the proposals is that the number of TSBs be reduced, by amalgamation, from 72 to about 15.

The Government also indicated that it was, in principle, ready to see a comparable extension in the facilities of the National Giro, enabling it to provide a more complete banking service too.

W German banks face exchange deals limit

By David Blake
West Germany's Banking Supervisory Board yesterday proposed tough restrictions on the extent of open foreign exchange positions which may be held by German banks. If the proposals are adopted, banks would be required to limit their open positions to 20 per cent of their liable capital.

There was immediate opposition from the German Banking Federation, which denounced the limit as being far too low. The Federation, which represents virtually all of the country's private sector banks, including the three giants who dominate the scene, gave a warning that, if the proposal were adopted, it would exclude small and medium sized banks from foreign exchange dealings.

This was because they would be required to deal in such small quantities that they could not hope to compete with the big banks whose assets were so large that the new rules would have little effect.

The board would probably be quite happy to see a number of the country's smaller banks forced to pull out of the foreign exchange market. The whole of West Germany's banking community has been gravely affected by the collapse of Herstatt bank, forced into liquidation as a result of huge foreign exchange losses.

Under the proposed new rules, the most that Herstatt would have been able to set at risk would have been 20 per cent of its capital, or a maximum of £2.2m.

The rules are likely to be fixed at a meeting between the supervisory board and the Bankers' Federation on August 22. The Federation is expected to demand a higher limit. They want to have a limit twice as high as that proposed by the board.

Enforcing the rules should be possible as a result of the regulation which came into force yesterday that banks must report all their forward positions to the Federal Bank.

However, there are still likely to be problems of enforcing the regulation with a number of financial institutions. In the Herstatt case a number of forward foreign exchange deals were entered in the books, and would not have been reported to the authorities.

The confused position in Herstatt's foreign dealings grew even more muddled yesterday, when the bank's chief dealer, Herr Dany Dattel, said that Gerling was aware that Herstatt had made heavy losses.

Gerling own over 80 per cent of Herstatt shares, and Herr Dattel was chairman of the Herstatt board.

Crown Agents to be restructured and given curbs on involvement in property market

By John Plender
Long-awaited changes in the structure and investment policies of the Crown Agents, the semi-official body which acts for governments and public authorities throughout the world, were announced in the Commons yesterday by Mrs Hart, Minister of Overseas Development.

In a written reply to questions from Mr George Cunningham, Labour MP for Islington, South and Finsbury, and a percent of the Crown Agents' activities, Mrs Hart said she would be appointing a board of Crown Agents with a full-time chairman and up to seven part-time members.

The board will be required to submit to the Minister an annual report and accounts which will then be made available to Parliament. These will conform to the pattern of the accounts of normal commercial undertakings.

It will also be responsible to the Minister for the organization and general administration of the Crown Agents' business.

Mrs Hart added that she reserved the right to give it directives from time to time.

But none of these restrictions will apply to the Crown Agents' activities on behalf of overseas principals. The reorganization is designed to ensure that the Agents' "relationship of confidence" with their overseas principals remains undisturbed, and that the customary standards of commercial confidentiality will continue to be observed in their transactions.

The main restriction to be introduced on the Agents' business on their own account is an instruction to avoid any direct involvement in the property market, although existing obligations will not be called into question.

There is, however, no directive to restrict investment in "fringe" banks or financial groups which are heavily involved in property lending.

The Crown Agents hold a

number of equity interests in the financial sector, including a 9 per cent stake in First National Finance Corporation. They are also one of the biggest forces in the London money markets and are in a position to make substantial deposits with the banks in which they invest. It was being suggested in the City last night that some divestment of these financial interests would now be logical.

It is understood that these arrangements supersede the rationalization of the Crown Agents' structure envisaged by the previous Tory Minister, Mr Wood, which followed the unpublished report of a committee under Sir Matthew Stevenson last November.

The report was prompted by concern in the Commons and the press over the imprecise nature of the Agents' responsibilities, their accountability and their willingness to invest in speculative ventures.

Last year they made a profit of around £16m on the sale of their 72 per cent interest in a speculative private property group run by Mr Jack Walker and Mr Ramon Greene to the Post Office Pension Fund. Other investments have been less successful. The Crown Agents were caught up in the collapse of the Stern group and of Mortgage Mercantile. They are also believed to have advanced substantial sums as part of the secondary bank rescue operation.

In spite of criticism of their investment and lending policy in property the Agents recently took an equity stake in the holding company of Messrs Greene and Walker's private interests, alongside other backers including Continental Illinois Properties, an offshoot of Continental Illinois Bank of Chicago, and the ICI Pension Fund. In addition they retain an interest in a housebuilding company run by the two men.

Financial Editor, page 19

SE inquiry into dealings in Armour Trust

By Margaret Drummond
The Stock Exchange is investigating dealings in the shares of Armour Trust during three weeks from mid-December to the beginning of January.

The dealings are believed to relate to transfers of just under 10 per cent of Armour Trust's equity to Ashbourne Investments from Corporate Guarantees, a member of the consortium involved in a complicated bid to acquire Ashbourne. Substantial paper losses suffered on the deal by Ashbourne are believed to be one of the main issues in the current High Court battle between the groups.

Just over a million Armour shares were transferred in December, shortly after the consortium acquired a controlling interest in Ashbourne and assumed management control before implementing a mandatory bid for the whole group.

The consortium subsequently attempted to renegotiate the offer price, coming into conflict with the Takeover Panel as a result.

The Armour share, which Corporate is believed to have held for some time, changed hands at around 30. On the basis of Ashbourne's current market price of 8p, Ashbourne, whose main asset is the second largest banking concern ES Schwab, in Ashbourne's paper loss of about £250,000 on the deal.

Neither Ashbourne nor the consortium was prepared to comment on the matter yesterday.

Mr Christopher Lambourne, a director of Armour, said he did not know who had initiated the Stock Exchange inquiry.

Nominees' holdings totalling more than 15 per cent of his group's equity had appeared over the past year but there had been no notification of any single stake accounting for more than 10 per cent.

Neddy chief calls for investments switch

By Malcolm Brown
A warning that Britain must make fundamental changes in investment policy if the nation was to come anywhere near matching the industrial performance of countries such as West Germany was given yesterday by Mr Ronald McIntosh, director-general of the National Economic Development Office.

After what he described as a "major discussion" in the National Economic Development Council, Mr McIntosh said the country must now accept that in the last 10 years it had had three attempts to grow out of its relatively unsatisfactory industrial situation by expanding demand—and all had failed.

The overriding reason was that each time we had found ourselves unable to meet strong home and export demand simultaneously. The main problem was one of supply constraints.

Introducing an extensive research document by the Neddy office which compared Britain and West Germany, Mr McIntosh said that the clear conclusion which emerged was that our problem was not the quantity of investment but its quality and the use made of it.

The analysis revealed that

Britain under-utilized capital and labour compared with most of its competitors.

A direct comparison with West Germany showed that the Germans concentrated more production in very advanced plants, and scrapped and renewed plant much more quickly.

They concentrated their efforts more on products where there was a strong world demand and specialized more within plants, allowing longer production runs.

Britain's greatest need, said Mr McIntosh, was to operate in such a way that it could justify its advanced machinery which would lead to greater productivity. There was scope for more joint ventures and there must be a new approach to such things as retraining.

In a discussion on the economic situation, Mr Healey, the Chancellor, warned industrialists and trades unionists that the greatest danger on the horizon was the risk of severe under-use of capacity.

The council emphasized that there must be continuing efforts to achieve international agreement on measures to offset the possibility of a world recession.

Select committee urges increase in Britain's £250m overseas aid

By Melvyn Westlake
A significant increase in Britain's £250m annual overseas aid budget is recommended by a Parliamentary Select Committee in a report on Overseas Development, published yesterday.

The committee also recommended that the Ministry of Overseas Development should continue to reallocate aid to those countries, and those groups within countries, that are already poor and have been made poorer by last winter's questioning of the world oil prices.

Stressing the sheer magnitude of the problem now facing many of the world's poorer nations, the nine-member committee under Sir Bernard Braine, declare their belief that a new urgency to the need to create a new economic order more favourable to the Third World.

Many of the committee's 18 recommendations clearly flew in the face of official departmental advice. Its members recog-

nized that Britain was at present among the most seriously affected by the oil price rise.

But it did not accept—as it had been told—that the most that could be done was to contemplate a redistribution within the aid budget towards the countries hardest hit.

This was felt by the committee to be a "defeatist attitude". However, it is abundantly clear, the committee says, that the scale of the problem, and of any adequate solution, far exceeds what any one country, or any group of countries can handle.

It is an international crisis and requires an international response. One of the most important requirements is to avoid recession and maintain the level of economic activity within the industrialized countries.

However serious the consequences of the oil price increase are for developed countries like Britain, it is becoming clear that the impact on some of the poorest, and largest of the least

developed countries, will be incomparably more serious, the Committee states.

Most of the worst affected countries, in South Asia and Africa, were in a serious state, even before the oil crisis, having lower incomes, lower growth rates and larger proportions of their populations in severe poverty than the other countries of the Third World.

"Without a new international approach and substantial transfer of resources, these problems will be insurmountable."

Third World incomes have been roughly reduced on average by about 11 per cent, the committee calculates. Economic growth in the industrialized countries is also likely to be much lower in the next year or two.

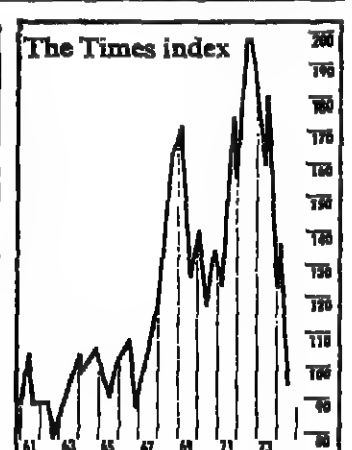
This will have secondary effects on Third World commodity export prices and volumes, and quite possibly on the direct inflows of finance, foreign investment and development assistance.

Fresh move on investment income

The Government is to try again to lower the starting point for the investment income surcharge in the Second Finance Bill.

The original proposal in the Budget that the investment income surcharge should begin at £1,000 (£1,500 for people over 65 years) was defeated in the report stage of the Finance Bill when an Opposition amendment to restore the threshold to £2,000 in all cases was carried.

In reply to a parliamentary question Mr Joel Barnett, Chief Secretary to the Treasury, said that the Chancellor would lay proposals to bring the starting point for the surcharge for tax year 1974/75 back to £1,000 and £1,500 for the elderly.



New lows: Equities plummeted new lows on the London stock market yesterday. The FT index fell a further 6.1 to 236.4, its lowest level since July, 1959, and the Times index closed 2.30 down at 94.21.

GEC hopes of growth in output

By Our Financial Staff
GEC is surrounded at present by so many uncertainties that it is virtually impossible to predict the future, Lord Nelson of Stafford writes in his annual chairman's report.

Export markets were fortunately still reasonably buoyant and it was hoped that the growth of output being achieved would not, except in limited areas, be curbed.

The trend in earnings would be very much dependent upon the company's freedom and ability to maintain a satisfactory price/cost relationship in respect of its sales in a period when inflation was still high.

Commenting on proposals for more government participation in industry and public ownership, Lord Nelson writes that "we may reasonably inquire whether the steps already taken in this direction have led to better management, more satisfactory industrial relations or greater efficiency."

Introducing GEC's first set of inflation accounts, Lord Nelson concludes that while profits and productivity have improved, the proceeds in real terms appear to have passed to the Government through increased taxation. The proceeds had thus benefited neither employees, whose real remuneration over a four year period had remained static, nor shareholders, whose real dividend return had declined.

The report confirms GEC's ownership of 80 per cent of Spectra Rentals.

SPENCER, TURNER & BOLDERO, LIMITED
Textile, Footwear and General Wholesalers
Main Trading Subsidiary—
Spencer Rotherham Ltd.

Results in Brief	12 months to	19.1.74	19.1.73
Turnover	£000's	4,956	4,835
Profit before tax	£000's	293	300
Profit after tax	£000's	155	189
Dividend per ordinary stock unit	£1	7.386p	7.35p
Earnings per ordinary stock unit	£1	26.5p	32.5p

Mr. N. Khazam, the Chairman, comments:
■ The reduction in profit is due substantially to higher interest paid and some non-recurring items.
■ During the year the group purchased Croydon Quilts Limited, manufacturers of quilts, and have since the end of the financial year purchased H. Fogg & Company Limited, makers of nightdresses and lingerie.
■ Turnover this year so far, is higher than last year but due to government controls and the economic situation, your Board is unable to make an accurate forecast for the current year.

Alcan raises price of aluminium ingots
Alcan UK is raising the price of aluminium ingot from today by £45 a tonne to £361.50. The new price covers 99 per cent minimum purity primary ingot.

Its subsidiary, Alcan Benth Industries, is raising the price of semi-fabricated products today by an average of 7.75 per cent.

How the markets moved

Rises	Falls	Steady
Anglo Am Corp 3p to 38p	Alexis Discount 13p to 18p	British Sugar 15p to 23p
Berry Wiggins 5p to 10p	Brit Sugar 15p to 23p	Bowling 4p to 11p
Broken Hill 5p to 49p	First Nat Fin 6p to 34p	Harland & Wolff 2p to 14p
Com Gold Fields 3p to 21p	Herbert A 2p to 18p	Kafage 2p to 18p
Clarkson 1p to 36p		
Falvey 21p to 29p		
Newmark L 2p to 10p		
Hampersley 5p to 12p	Lawdon 3p to 11p	Status Disc 3p to 16p
Peko Wallend 5p to 25p	Tobacco Sec Tst 12p to 14p	Unilever 12p to 26p
Plant Higgs 2p to 39p	UK crops 21p to 14p	Vaseux 3p to 10p
Rennies Cons 5p to 39p	Wearwell 5p to 38p	
Sprackley C 2p to 30p		
Spirax-Sarco 2p to 12p		
Union Corp 12p to 31p		

Sterling gained 35 points at £2.3870. The "effective devaluation" rate was 16.95 per cent. Gold advanced 75 cents to \$158.25. SDR—5 was 1.2025 on Wednesday while the SDR/£ was 0.506275. Commodities: Copper eased again but closed above the day's lows.

THE POUND

	buys	sells
Australia S	1.665	1.62
Canada S	44.75	42.75
Belgium Fr	94.50	91.75
Denmark Kr	2.36	2.31
Finland Mk	14.40	14.00
France Fr	9.05	8.80
Germany DM	11.05	11.05
Greece Dr	6.30	6.19
Hongkong S	73.00	69.50
Italy L	12.20	11.85
Japan Yn	161.00	156.00
Netherlands Gld	73.00	71.00
Norway Kr	6.40	6.20
Portugal Esc	13.65	12.70
S Africa Rd	62.75	58.50
Spain Pes	1.91	1.85
Sweden Kr	137.00	133.00
Switzerland Fr	10.60	10.30
US \$	7.25	7.00
Yugoslavia Dnr	2.42	2.37

Notes: For bank notes only, see separate list. For bank rates, see separate list. For gold rates, see separate list. For silver rates, see separate list. For foreign exchange rates, see separate list.

BOOSEY & HAWKES LIMITED
Music Publishers, Musical Instrument Manufacturers and Distributors

Extract from Report and Accounts 1973	1973	1972
TURNOVER	£000	£000
	8,500	7,000
PROFIT BEFORE TAX		
	1,052	752
PROFIT AFTER TAX (ATTRIBUTABLE TO ORDINARY SHAREHOLDERS)	420	372

The Directors recommend a total dividend of 3.4944p per share, equivalent to 5.1450p per share (4.9000p last year).

All aspects of the music publishing division improved considerably. Manufacture of musical instruments was handicapped by a serious shortage of labour but this was more than offset by the increased sales of factored goods. Sales of Hammond Organs continued to increase substantially.

The planned modernisation of our West End premises has been completed and full rental benefit will be effective during the current year and thereafter.

We have taken drastic action to remedy the loss situation in South Africa. Whilst it is unlikely that the 1974 results will be other than marginal it is expected that 1975 will show a return to profitability.

Trading generally for the current year to date has been at a most satisfactory level and the Directors are hopeful that both profits and dividends will be at least maintained.

Thanks are again expressed to employees throughout the Group.

Shortage of tyres hits truck deliveries

By Clifford Webb

A serious shortage of heavy-duty tyres is affecting the delivery of new trucks throughout Europe. Stocks of tyreless vehicles, approaching unmanageable proportions at some factories, threaten to cut production.

Motor manufacturers are particularly worried. With car sales likely to continue depressed, they are heavily dependent on the still buoyant truck market. Ford said last night: "The shortage is very grave. It is already affecting deliveries to customers. We have teams out buying tyres wherever they can get them and that includes buying on the replacement market at extra cost."

British Leyland is buying tyres from the retail trade, Eastern European manufacturers and as far away as the United States. A company spokesman said: "By using every available source we are just keeping our heads above water, but the situation is causing serious concern."

Imported trucks are equally badly hit. Mercedes-Benz, which increased commercial vehicle sales in Britain by 41 per cent in the first six months of this year, is bringing in trucks equipped with crude wooden tyres. Hundreds are standing at Wakefield, Yorkshire.

A Dunlop spokesman said: "The shortage is due to a combination of factors, the worst of which are the serious production losses suffered during the three-day week and the swing from crossply to radial tyres which is taking place faster than we can change our manufacturing equipment."

Last night some truck manufacturers claimed, however, that the shortage was partly caused by the tyre makers switching a larger proportion of truck tyres to retail outlets which provide them with more profit than direct supply to motor companies.

Molins plan for £20m expansion

Molins, the United Kingdom-based manufacturer of cigarette making and packaging machinery, plans to spend £20m in the next five years expanding production facilities in Brazil, the United States and India.

The sum includes £5m to build up production of spare parts. A plant employing 1,000 people is to be built and another leased at Peterborough. The Sunderland factory is to be modernized and the factory at Deptford, London, redeveloped.

Boyle report on pay for top civil servants 'ready by the autumn'

By Maurice Corina

Senior civil servants have received an assurance that an official report, which is two years overdue, reviewing the basic principles for determining salaries at the highest levels in Whitehall will be completed by this autumn.

It is understood that Lord Boyle, chairman of the Review Body on Top Salaries, and the Government have promised an end to delays after a series of discreet meetings with representatives of the Association of First Division Civil Servants, and the Institution of Professional Civil Servants.

Lord Boyle was asked in 1971 to lead a team of well-known industrialists and others in conducting an examination in depth of the principles governing the remuneration of the most senior appointments in Whitehall departments.

This included a study of salaries paid to those carrying heavy responsibilities in industry and the City, establishing some means of fair comparison. Although the report was originally expected in mid-1972,

the review has never been completed.

The restlessness of top public servants has not been assuaged by the recent government award of £350 a year (1.3 per cent to 4.1 per cent of existing salaries) to senior grades ranging from Under Secretary to Permanent Secretary.

These posts now command salaries of £3,000 to £18,350, with an extra £1,000 for the head of the Home Civil Service, the secretary to the Cabinet, and the head of the Treasury.

There is plenty of evidence that the business community is willing to pay far bigger sums when top public servants accept appointments in industry or the City. And there is evidence that some people entering the higher reaches can be attracted away rather than progress on-wards.

Another worry is that considerable pay structures have caused some unfairness to those nearing retirement, with the salary-related superannuation entitlement being eroded.

Lord Boyle said in June that

circumstances had changed fundamentally since his committee began its review, mainly as a result of the introduction of the counter-inflation programme. But he gave no indication when the report would be completed.

He said: "We have still to reach conclusions on the many and complex issues which—unexpectedly—arise in a far-reaching review of this nature, covering the most senior appointments."

I understand that representatives of the civil servants have now met the Boyle Committee and the National Staff side and been told that a report will be made to the Prime Minister this autumn.

At the same time, letters have been written by the Association of First Division Civil Servants, the Society of Civil Servants, and the Institution of Professional Civil Servants making it clear to government ministers and the Civil Service Department that there is some dissatisfaction with the Boyle method of studying structural pay problems.

Lord Boyle said in June that

Survey shows support for EEC membership

By Tim Congdon

Industry and commerce are still overwhelmingly in favour of Britain remaining in the European Economic Community. A survey of 500 companies, conducted by the London Chamber of Commerce and Industry, shows that 85 per cent want Britain to continue her membership.

An important finding of the survey is that many small and medium-sized firms considered membership valuable. The chamber observes that "the most enthusiastic support comes from the medium-sized and high technology companies who are intent on expansion."

Some firms were opposed to membership, but the chamber notes that "most of these were merchants trading either with the Commonwealth or eastern Europe."

A spokesman for the Confederation of British Industry said the CBI has been urging company chairmen to tell their employees of the benefits from Britain's membership.

Trade mission: Eight companies are to take part in a trade mission to Saudi Arabia, Bahrain, Abu Dhabi, Kuwait and Qatar next April organized by the North of England Development Council.

Deposits of world's main banks up 22 pc

From Frank Vogl

Washington, July 31

Total deposits of the 500 largest banks in the world—including 31 banks in Britain—rose by \$10,900m to \$1,725,000m (about £2,700m) last year.

The 22 per cent increase, recorded in the annual survey compiled by the American Banker, follows a 24.7 per cent rise in 1972.

As a group, foreign banks showed a larger percentage gain than the American banks, which themselves accounted for 159 of the 500 top banks.

Of the 500, the survey is that while the number of British banks in the top 500 declined by one to 31, the volume of total deposits of these British banks rose to \$113,500m last year from the \$88,900m of the 32 banks in the 1972 list.

The survey shows that on a deposits basis the top 10 banks at the end of last year were in order: Bank of America, First National City Bank, Chase Manhattan Bank, Banque Nationale de Paris, National Westminster Bank, Barclays Bank, Credit Lyonnais, Société Générale de Paris, Deutsche Bank and Dai-ichi Kangyo Bank of Tokyo.

Other British banks in the top 100 are the Midland Bank at number 18, Lloyds Bank at 23, Barclays Bank International at 24, Standard Bank at 25, and Standard Bank at 97.

Upswing in rate of American hourly output

From Our United States Economic Correspondent

Washington, July 31

Output per man-hour rose by 0.8 per cent in annual terms in the second quarter of this year after four consecutive quarters of decline or standstill, the Department of Labour announced.

The rise, which followed a 7.1 per cent fall in the first quarter, resulted from larger falls in man-hours than in real output: 2.3 per cent against 1.5 per cent.

Annual compensation per man-hour rose 13.8 per cent after a 6.4 per cent rise in the first quarter, to produce the first real gain in compensation—albeit just 1.2 per cent—since the first quarter of last year.

But labour costs rose 1.2 per cent in the second quarter. A report on labour market developments in the latest bulletin of the Federal Reserve System, published today, indicates possible further rises in unemployment and significant increases ahead in wages.

The report notes that "important negotiations in the communications, railroad, aerospace, coal mining and construction industries are yet to be completed in 1974. With consumer prices rising rapidly, wage and fringe increases are likely to rise at a rapid pace this year and intensify pressures on labour costs."

Average hourly earnings rose at an annual rate of 11 per cent in the first half of this year, against 6.5 per cent in 1973.

Mr Simon hints at a fall in US oil prices

Washington, July 31.—Mr William Simon, the Treasury Secretary, said during a White House news briefing that he expected oil prices to drop in coming months. When a reporter asked how much they would drop, Mr Simon said: "Two dollars or three dollars a barrel—that would be my area."

He added that journalists should not report that as a prediction, but he did not explain why. Imported oil is at present selling at \$10 to \$12 a barrel.

Mr Simon, who reported to President Nixon on Tuesday on the results of his recent trip to the Middle East, said that Treasury Department morale had not sagged because of the impeachment proceedings and he did not expect President Nixon to be impeached.—AP-Dow Jones.

EEC may aid energy research

British oil research companies stand to receive up to £5m worth of EEC financial assistance if new proposals announced by the European Commission in Brussels yesterday are approved by member governments of the Nine.

The main beneficiary would be Subsea Equipment Associates, of London, which would be entitled to an allocation of about £4.5m of EEC funds towards the cost of a series of pipeline and pumping development projects. Another British company, Wim Technology, would receive about £200,000 of aid.

The British allocations are part of a series of suggested EEC energy research payments totalling nearly £30m for the whole of the Community. The French are by far the largest beneficiaries.

Most of this would be paid to Etudes Pétrolières Marines, for deep-sea drilling and production projects.

Economic models

In yesterday's article by Tim Congdon, entitled "Economic forecasts prosper as they chart Britain's gloomy course", the Economic Models' figures for changes between the second half of 1973 and the second half of 1974 are: exports +2.4 per cent; imports +2.4 per cent; gdp -0.1 per cent.

LETTERS TO THE EDITOR

Pseudo self-employment a drain on the Exchequer

From Mr Donald Cropper

Sir, It is a great pity that an amendment tabled by Mr Kenneth Lewis, MP, was not discussed during the report stage of the Finance Act, which has recently been passed.

This amendment attempted to make impossible pseudo self-employment among temporary staff and, if passed, would, we believe, have saved the Exchequer a great deal of money each year.

If unheeded, this could develop even among temporary office staff agencies, which the reputable parts of the industry would deplore and which, we believe, is against the interests of office workers generally.

Mr Lewis's amendment proposed a method of dealing with an admittedly very difficult problem in a comparatively simple way by bringing within the Inland Revenue definition of "employment" or "office",

any arrangement which included the sending out of temporary staff, except where professional qualifications were held.

If pseudo self-employment is allowed to continue the country will lose much money in revenue, firstly because of graduated insurance deductions which will not be paid at all, and secondly, by placing at risk large sums of money, otherwise collectable under PAYE, which would be infinitely more difficult to collect.

In objecting to the lump labour system in the building and construction trades and, in particular, objecting strongly to the introduction of any such system into other fields, agencies find themselves talking with the same voice as the trade unions. It is sincerely hoped that the Government will move quickly to deal with this growing problem.

Yours faithfully,
DONALD J. CROPPER,
Secretary-General,
Federation of Personnel Services of Great Britain,
120 Baker Street, London, W1.

How the small shareholders are suffering

From Mr W. L. Spalding

Sir, It may not be generally realized how severely the small shareholder is affected by the continuing restriction on the increase in dividends, despite the change made in the night budget.

The undermentioned calculations, which take into account the change in the tax rate from 33 per cent to 35 per cent, demonstrate that the original restriction to 5 per cent increase in the gross dividend allowed only 1 per cent increase to the net income of the small shareholder.

The new limit of 12 1/2 per cent increase on the gross dividend is equivalent to only 7.7 per cent on the small shareholders' net income, whereas the cost of living annual increase has recently been running at over double that figure.

The increases of .35 and .535 represent 1 per cent and 7.7 per cent approximately in relation to the original net figure of £70.

Yours faithfully,
W. L. SPALDING,
9 Albert Embankment,
London SE.

July 24.

Scottish stake in North Sea oil and the Act of Union

From C. M. S. Whitelaw

Sir, There is no such political or legal entity as Scotland; there is no such political or legal entity as England; there is only Great Britain.

Scotland has survived only in a geographical and administrative sense for certain provisions of the Treaty of Union.

What Mr MacCormick (July 23) must do is to renegotiate the Treaty of Union with the Government, who are acquiring

experience, if not expertise in such an exercise.

The clamour of the SNP and others over the ownership of what is wrongly called "Scottish" oil—for it is British oil—is the product of the greed and selfishness which ignores the immense benefits Scots people have, over the centuries, derived from union with England.

Yours faithfully,
C. M. S. WHITELAW,
29 Victoria Terrace,
Crieff,
Perthshire.

Guarantors' for women's mortgages

From Mrs I. McGilivray

Sir, In introducing legislation to end discrimination against women, Mr Roy Jenkins made great play of the "well known fact" that women need guarantors when borrowing money for house purchase.

I have arranged hundreds of mortgages for women over the past decade and not once has the question of a guarantor been raised. The only criteria applied are those required of men—adequate income and adequate deposit.

In fact, some building society managers look more favourably

upon women borrowers, as they usually have fewer calls on their income and tend to manage their accounts more efficiently.

It is a matter of great regret that for political ends, such an eminent man should encourage this widely held notion that is simply not true.

Yours faithfully,
MRS I. MCGILIVRAY,
Chairman North Metropolitan Division Association of Insurance Brokers,
Kenford (Insurance) Ltd,
14 Kenton Park Avenue,
Kenton,
Harrow, Middlesex.

Export—even if you can't let your client know

From Mr Robert Proops

Sir, I am confused. Government, political leaders and economists alike exhort us to export. We are a small marketing services company and we feel that we should try to make our own small contribution.

Export or die is the cry. We recently gained a new client in Montreal, Canada. Today, three of us have tried for three-hour period to telephone or Telex our client. We tried direct dialling, and even contacting the international operator without success.

When we asked the local operators for help, we were informed that they found it impossible to get through to the international operator, too. With the telephone system as it is, at this rate one can only predict an arm-wrestling, quick but painful death.

Yours faithfully,
ROBERT PROOPS,
70 Westbourne Grove,
London W2 5SE.

CREDIT LYONNAIS

FINANCIAL YEAR 1973

EXTRACT FROM THE ANNUAL REPORT

The French economy showed an exceptionally rapid growth during 1973, but measures taken by the public authorities slowed down progress in the banking sector.

At the end of 1973 the balance sheet total of Crédit Lyonnais was Frs. 112,764 million (an increase of 21.6% compared with 1972). Customers' deposits reached Frs. 58,964 million (an increase of 14%) and lendings to customers amounted to Frs. 65,854 million (plus 16%).

Profits for the year were Frs. 145 million compared to Frs. 135 million for the previous year. After distribution of the profits, the Crédit Lyonnais reserves increased to Frs. 638 million against net worth of Frs. 1,121 million.

LOANS TO PRIVATE INDIVIDUALS

As regards deposits the results illustrate the trend during recent years: rise in the proportion of house-hold deposits, marked predominance of savings and term deposits (63.1% of the total at the end of 1973 compared with 60.6% in 1972) with a particularly substantial growth of house purchase saving schemes, which increased from 52.4% representing 12.4% of the resources originating from savings and term deposits (5.8% for the previous year). On the lending side, the 38% increase in loans to private individuals is entirely due to house purchase loans (plus 51%) to the detriment of personal loans for which the had been fixed at the beginning of the year.

LOANS TO THE BUSINESS SECTOR

Credit control restrictions resulted in a 50% reduction in the rate of growth of facilities to both small and large businesses (8.4% against 17.3% in 1972). This down-turn was particularly marked in short term domestic credits (plus 2.5% against 14.2%) whereas medium and long term credits increased by 25.5% (against 27.1% in 1972). Crédit Lyonnais remains leaders in the field of property finance. The various methods of assisting exporters have been extended and improved. The leasing subsidiaries have continued to develop, especially on the international market.

In the merchant banking field, there has been a sharp development of the activities of Société de Banque de Crédit—whose balance sheet total has increased by 71%. Transactions effected by SOFINEX involved the acquisition of stocks and shares for Frs. 19 million. A new company was formed under the name of SLIDEX to resolve the funding problems of both private and family enterprises.

On the financial market, Crédit Lyonnais managed, or co-managed, 42 public loan issues, and acted as agent for the 7% 1973 French Government Loan.

INTERNATIONAL ACTIVITIES

Banco di Roma, Commerzbank and Crédit Lyonnais welcomed into their European Co-operation Agreement the Banco Hispano-Americano, one of the leading Spanish banking groups. In addition, the participants developed their joint operating policy abroad (in particular in the Netherlands and in Japan).

In the euro-bond market, Crédit Lyonnais regained eighth place amongst world banks, and first place amongst French banks, having managed or co-managed 19 issues totalling \$624 million.

PROFIT & LOSS ACCOUNT

	1972	1973
DEBIT	In millions of francs	
Employees' share of profit (previous year) —	34.9	19.6
Losses from previous years —	48.7	48.1
Losses of an exceptional nature —	27.9	26.8
Transfer to provisions —	54.7	73.5
Corporation Tax —	178.8	162.8
Profit for the year —	729.6	744.6
	482.4	474.4
CREDIT		
Net banking income —	324.3	343.6
Profits from previous years —	41.1	67.5
Profits of an exceptional nature —	52.0	43.6
Transfer of provision utilised (provision for employees' share in profit for the previous year) —	36.0	19.8
	482.4	474.4

BALANCE SHEET AS AT 31st DECEMBER 1972 AND 1973

	1972	1973
ASSETS	In millions of francs	
CASH IN HAND, WITH CENTRAL BANKS, THE TREASURY AND IN BIRD ACCOUNTS	8 211	13 873.3
BALANCES WITH OTHER BANKS AND NON-BANKING ORGANISATIONS OPERATING ON THE MONEY MARKET:	2 544.1	4 224.1
a) call deposits —	20 408.4	24 133.4
b) term deposits and loans —		
TREASURY BONDS AND SECURITIES RECEIVED AS COLLATERAL OR PURCHASED FOR CASH —	5 148.5	7 242.8
CREDITS TO CUSTOMERS —		
a) short term —	18 833.3	19 381.8
b) medium term —	7 352.8	8 434.3
c) long term —	5 214.6	8 958.1
CREDITS GRANTED TO CUSTOMERS —	13 744.4	18 895.8
OVERDRAFTS —	4 729.8	6 293.8
SUSPENSE ACCOUNTS AND SUNDRIES	655.4	1 788.7
SUNDRY DEBTORS	2 179.7	2 358.8
LIABILITY OF CUSTOMERS FOR ACCEPTANCE AS PER CONTRA —	428.8	550.3
SECURITY TRANSACTIONS —		
a) Government loans, bonds and debentures —	682.3	1 187.2
b) Other securities —	174	250
INVESTMENTS IN SUBSIDIARIES AND PARTICIPATIONS —	500.8	628.2
BANK PREMISES AND FITTINGS —	228.4	489.8
TOTAL —	92 732.7	112 764.2

	1972	1973
LIABILITIES		
BALANCES OF CENTRAL BANKS, OTHER BANKS AND NON-BANKING ORGANISATIONS OPERATING ON THE MONEY MARKET:		
a) call deposits —	3 506	9 136.7
b) term deposits and loans —	19 908.2	25 908.8
COMPANY AND SUNDRY ACCOUNTS —		
a) call deposits —	13 113.1	12 628.6
b) term deposits —	4 174.5	5 278.1
PRIVATE ACCOUNTS —	13 284.5	14 832.8
a) call deposits —	2 338.8	2 351.4
b) term deposits —	9 567.2	11 688.7
CERTIFICATES OF DEPOSITS —	9 172.9	12 394.8
SUSPENSE ACCOUNTS, PROVISIONS AND SUNDRIES —	8 586.4	11 264.7
SUNDRY CREDITORS —	5 350.2	3 389.3
ACCEPTANCES FOR ACCOUNT OF CUSTOMERS, AS PER CONTRA —	2 179.7	2 358.8
SECURITY TRANSACTIONS —	370.5	358.3
DEBTORS —	463.5	556.8
RESERVES —	480	480
CAPITAL —		
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR —	4	3.7
PROFIT FOR THE YEAR —	135.4	144.7
TOTAL —	82 732.7	112 764.2

	1972	1973
CONTINGENT LIABILITIES		
SECURITIES GIVEN AS COLLATERAL OR SOLD FOR CASH —	11.5	16.8
GUARANTEES AND ENDORSEMENTS GIVEN ON BEHALF OF CUSTOMERS —	7.8	10.3
DOCUMENTARY CREDITS —	6.1	7.5
OTHER COMMITMENTS —	2.5	1

Europartners
BANCO DI ROMA, BANCO HISPANO-AMERICANO
COMMERZBANK, CREDIT LYONNAIS

Eva Industries LIMITED

Results for Year Ended 31 March 1974

	Consolidated 1974 (£000's)	Total including Non-consolidated Brazilian subsidiary 1974 (£000's)	Consolidated 1973 (£000's)	Total including Non-consolidated Brazilian subsidiary 1973 (£000's)
Turnover	8,297	11,086	6,825	8,339
Profit before Taxation	394	1,093	645	802
Profit after Taxation	547	860	478	651
Dividend per ordinary share paid and proposed	2.80125p		2.64625p	
Earnings per share	8.5p		7.1p	

Highlights from the Chairman, Roy Astley's, statement to shareholders at yesterday's Annual General Meeting in Manchester.

- Until the imposition of the three day week in the United Kingdom, the company was well set to achieve a major breakthrough in profits.
- Exports increased by 56.4 per cent to £1,442,000.
- The Brazilian subsidiary has had a quick return to a satisfactory level of profitability.
- For the future, I can say that currently the flow of incoming orders is very strong.
- Your Board has no hesitation in recommending an increase in the dividend payable to the maximum permitted level.

Copies of the Chairman's Report may be obtained from the Secretary, Eva Industries Limited, Cribbs Lane, Clayton, Manchester, M11 4GL.

UNITED GAS INDUSTRIES LIMITED

Salient points from the statement by the Chairman, Colonel G. W. Raby CBE.

- The fourth consecutive year the Group suffered from the results of a national strike in an energy industry. This coupled with irrecoverable cost increases and national shortages has reduced profits to £95,000 before charging loan interest and taxation.
- To conserve the Group's liquid funds no final dividend is recommended.
- Exports rose by

BY THE FINANCIAL EDITOR

The Crown Agents and political realism

Yesterday's statement by Mrs Judith Hart, Minister of Overseas Development, on the role and responsibilities of the Crown Agents has an important bearing on the City. This semi-official body, which acts both for overseas principals and on its own account, controls well over £1,000m of funds and is one of the largest forces in the London money market.

Any change in its structure must ensure that the confidence of its overseas principals is not eroded, with obvious consequences for the financial markets and the exchange rate. On the whole Mrs Hart has been realistic in her approach. She has established clear lines of responsibility and accountability, without making too much of the confidence of the Agents' relationships with their overseas principals.

She has also accepted that while it may be politically expedient to prohibit future direct investment in property, nothing precipitate can be done about the investments and loans already made to financial groups that are intimately connected with the property sector while the financial crisis lasts.

That presumably explains why the opportunity has not been taken to question the logic of the Crown Agents acting on their own account. There is no reason for such a public body to build up independent reserves. To run them down now, however, would cause chaos.

In the meantime it is up to the new board of the Crown Agents to ensure that where there is full discretion to handle overseas funds, they see fit, then some measure of prudence is observed. There have been fears that the Crown Agents' own financial strength makes it very easy to make profits for itself and for individuals. It chooses to "back" stock that it can lose money, all too easily without adequate supervision. The new board will need to be a strong one if it is to avoid the criticism that has been levelled at the Crown Agents all too frequently in the past.

Alfred Herbert

Second quarter improvement

The good news from Alfred Herbert, if one can call it that, is that the second quarter was less bad than the first. As was in the October-January period that Herbert found itself most badly hit by short-time working, while component shortages did nothing to help either. By the second quarter, however, Herbert had adapted itself better to the three-day week and deliveries from stock kept the sales total moving ahead. The corollary of that, then, is that working capital requirements have been reasonably well in check—stock and work-in-progress up £1.2m from a year-end £17.5m—and that the group has been comfortably inside its increased bank borrowing facility. One could add that the benefits of price increases have started to work through earlier than expected, while export orders have continued to rise and were accounting for some 60 per cent of incoming orders towards the end of the half year.

Not that this is going to make much impact on the market. For the bad news is that however well Herbert may have been able to cope with the final stages of production during the three-day week, work on new machine tools was badly hit as a result of the disruption in the foundries. And

that means that the third quarter is unlikely to be any better than the second. Throw in the cost of the threshold payments and it looks as if Herbert is going to be lucky to get the right side of break-even in the final quarter.

The key, then, remains the extent of the group's working capital needs this autumn as the workload builds up. In that respect the group's annual review of borrowing facilities with its bankers (in October) looks to be the next major point of interest. Ahead of that the shares will remain a trading counter, and not the most attractive of trading counters either.

Interim: 1973/74 (1972/73)
Capitalization £2.2m
Sales £18m (£17.6m)
Pre-tax loss £2.14m (£1.45m)

LRC International Setback in polymers

LRC International and its fans have great hopes for the Prostator gland drug—its have its signed-up United States distributors. The snag is that after passing through the FDA's preliminary stages, the further approvals came to a dead stop in January, and it is pure conjecture when the machinery will begin to grind again.

But during this hiatus one should still be able to look forward to a reasonable improvement in current year profits on recovery grounds alone. Last year's performance was substantially ahead of market expectations based on the interim setback and the implied effects of the three-day week, although the figures are not truly comparable thanks to the sale of the Courtyard wine interests.

In the three months to end March, thanks to the power restrictions and rising costs of latex, virtually no profits were made in the polymer side although the division ended the year slightly up on balance. A stricter attitude towards stocks led to a £300,000 write-off of orthopaedic equipment in the medical division—hopefully a once and for all move—which helped turn the 1972/73 pre-tax profit of £240,000 into a £224,000 loss.

One is, therefore, looking for a minimum improvement of 10 per cent but the share rating of a yield of 12½ per cent at 34½p and a p/e ratio (fully diluted) of 5.9 is paying more attention to the Monopolies Commission, whose report should come "possibly in late September. Assuming there are no great difficulties in the report—LRC's share of the contraceptive market is now falling—it should show a positive performance against the market.

Final 1973-74 (1972-73)
Capitalization £13.4m
Sales £51.2m (£46.1m)
Pre-tax profit £5.05m (£5.24m)
Earnings per share 7.85p (7.85p)
Dividend per share 4.31p (4.2p)

Wilkins & Mitchell Margin problems for Servis

A second half profit slump of 40 per cent at Wilkins & Mitchell proved to be, if anything, even worse than the pessimism in the market had been expecting and the shares ended the day 4p down at 64p. But while it remains as hard as ever to generate much enthusiasm for any company selling on a p/e ratio of 5 which is geared to the consumer durable and motor industries, there are a few

crumbs of comfort to be found. Despite the deterioration in the domestic washing machine market, Wilkins & Mitchell still has a relatively good order book, thanks in part to a strong export performance and also to the backlog which developed when materials were in short supply and production was hit by the energy crisis.

The power press order book likewise looks healthy enough at the moment, increased production here resulting in higher profits.

But making allowance for that and for the impressive £483,000 contribution from Australia, it is clear that the Servis division in particular has a formidable margin problem.

When one adds in the inevitable doubts about where the new orders are to come from to replace existing ones, it seems likely that the year will get progressively tougher as it goes on.

In short, the shares are not yet ripe for much upgrading and will draw little enough support from a yield of 5.2 per cent.

Final: 1973-74 (1972-73)
Capitalization 4.0m
Sales £31.0m (£24.8m)
Pre-tax profit £3.32m (£1.53m)
Earnings per share 12.75p (5.2p)
Dividend per share 3.3p (3.15p)

Allied Colloids Margins should recover

Allied Colloids appears to have been a little slow off the mark in raising selling prices in the early part of this year—some up by 400 per cent—whereas Allied did not raise selling prices until around two months ago. Thus margins fell by about six points in the second half of last year and it is doubtful whether profits have been maintained in the first quarter of this year.

All this suggests that Allied has erred on the side of over-caution, given that the specialist chemicals and technical services it supplies usually represent only a small part of user industries' total costs. Still, this means that the recent price increases should be fairly readily absorbed. That, allied to a fairly hefty increase in sales, should redress the position in the second quarter.

Allied's strength meanwhile remains its "niche philosophy" of avoiding bulk chemical manufacture—so vulnerable to demand cycles and sticking to specialist services where there is virtually no United Kingdom competition. The market's disappointment with Allied's margin contraction was reflected in a 5p fall to 72p by the shares yesterday. That leaves them on an historic p/e ratio of 7½ and just about on line with the chemicals sector, though a premium rating could well be restored now margins are on the mend again. The 1973-74 dividend (which can be taken in scrip form) offers a modest yield of 3.2 per cent but the cover suggests scope for better things if official restraint is relaxed.

Final: 1973-74 (1972-73)
Capitalization 6m
Sales £7.71m (£5.23m)
Pre-tax profit £1.6m (£1.25m)
Earnings per share 9.61p (9.4p)
Dividend per share 2.3p (2.13p)

Chancellor puts his trust in the Page Report

It is over a year ago since the Page Report on National Savings hit the headlines. It was a controversial document, the publication of which was delayed for several months while the stunned Tory Government took time to consider its far-reaching implications.

The report contained three broad recommendations: the scrapping of the voluntary workforce of the National Savings Movement; the abolition of most of the existing range of National Savings, possibly to be replaced with some form of under-linked bond; and the moving of the Trustee Savings Banks into a third and independent force in domestic banking.

The proposal for the Trustee Savings Banks—much more radical in form than any proposals put forward by the banks themselves—was the only feature of the report to be given the amber light. Discussions began immediately between the Trustee Savings Banks Association and the Government to investigate the feasibility of weaning the TSBs away from the state.

In the event, politics took over and the prospect of an early conclusion to the talks

between the TSBs and the Conservative Government was lost along with Conservative hopes of being returned to office. It was back to square one when the Labour Administration was installed. However, this second dialogue has now come to fruition and it was announced yesterday that TSBs "should be empowered to develop along the lines recommended in the report".

This is a major victory for the TSBs—although they were not initially in the van in seeking such a fundamental status change. It is, however, a considerable undertaking for a collection of organizations controlling funds of £3,766m at the end of November, which has for so long sheltered under the wing, indifferent as it has been, of the Government. The 10-year transitional period envisaged before the TSBs become a fully-fledged independent bank is probably the correct time scale.

From the point of view of the TSBs' 10 million depositors, the most important aspect of the new arrangements will undoubtedly be the ability of the TSBs to offer loans and overdraft facilities. For TSBs have the granting of this facility is a ruinous consideration when

compared with the work which must be done to build up the correct financial structure for the TSBs.

The key question is reserves, or net assets. At the moment the TSBs operate on a reserve ratio which is totally inadequate to independent banking needs. At the end of 1971 the ratio was 1.8 per cent of total assets compared with the minimum building society requirements of between 24 and 31 per cent and the considerably higher figure required of recognized banks by the Bank of England.

The absence of major reserves is not a commentary on the competence of TSB managers but a reflection of the present tortuous system whereby they are not their own masters. In respect of their ordinary savings and current accounts, the banks retain about 5 per cent of their deposits as working balances and hand the rest over to the National Debt Office for investment.

The historical reason for this is that in the early days of the TSB movement the state paid a higher rate of interest than banks available elsewhere, a happy state of affairs which continued until 1908—and the TSBs to be used initially to

build up reserves. And ultimately, the TSBs will phase out their ordinary department which will effectively cut the umbilical cord between them and the National Debt Office. For their part the TSBs have to put their own house into greater order so as to emerge as a major national institution by 1985. A new central body, presumably to be built upon the twin foundations of the Trustee Savings Banks Association and the Central Trustee Savings Bank (set up last year), will be able to take over the policing function of the Government. More difficult to achieve, perhaps, will be the reduction in the number of TSBs from the present 72 to 15 strong, regional banks.

During this interim period, other organizations, too, will have the time to plan their own future development in the light of the newlook TSB. For the latest recommendations have profound implications not only for the TSBs but for their main rivals, the National Savings Movement—short of its main component—the Giro, the building societies and indeed the other commercial banks.

To unravel this complicated and in some areas archaic machinery of controls is going to take time. Along the lines of the Page Report, the Government will hand back the surplus (over and above the interest paid to depositors) to the TSBs to be used initially to

build up reserves. And ultimately, the TSBs will phase out their ordinary department which will effectively cut the umbilical cord between them and the National Debt Office.

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Margaret Stone

Peter Hill examines the proposals to extend state ownership

Shipbuilders and the Government draw up their battle lines

Minutes before Mr Benn breezed into the conference room in the basement of the Department of Industry yesterday, clutching his papers and his now apparently indispensable bevy of aides were hastily arranging the backcloth for the minister's pronouncements for the nationalization of Britain's shipbuilding, ship repairing and marine engineering industries.

The backcloth, a series of four charts, formed an integral part of Mr Benn's presentation. The charts, to which he made extensive reference, emphasized the abysmal performance of the shipbuilding industry over the period 1954-73.

World output grew from five million tons gross to 30 million tons gross in that time while the United Kingdom industry's output was bumping along at between one million and 1.2 million tons gross and its market share was cut from about 27 per cent to a mere 3.6 per cent.

Employment over the period fell from 130,000 to about 65,000 (which does at least indicate improvement in productivity).

The fourth chart demonstrated that the industry has received a total of £156m of state assistance since 1965—a considerable chunk of which is the industry's sponsoring minister between 1966 and 1970.

The charts, Mr Benn indicated, spelled out in a nutshell the reasons why it was time for change. "Even this money has not prevented these other trends and tendencies occurring. I have no doubt whatever that there really is a case for the nationalization of the industries involved", he said.

But the statement which Mr Benn made to the Commons yesterday really amounts to no more than a Labour Government commitment to pursue its nationalization policy for the industries. The White Paper will not appear until later this year (Mr Benn said that this really meant autumn) but he was not committing himself on the date of the next general election.

For the next few weeks, then, all the interested parties will be engaged in a debate on the Government's discussion paper against a background of even greater uncertainty than that which has prevailed since the Government took office.

Mr Benn made it clear that the discussions would centre on the implementation of the Government's proposals and that draft clauses had been prepared which he had persuaded him that the new system is needed if the industry is to grasp the opportunities it had missed in the past.

The industry, through its trade organization, the Shipbuilders and Repairers National Association (SRNA), has been heaving away with the help of outside consultants to present an alternative model for British shipbuilding, which among other things would recognize the need for continuing state intervention and for public accountability.

Present thinking within the organization appears to recognize also the need for greater worker participation and possibly some centralized organization, but the scheme which would enable the public and "private" sectors to continue to operate.

The Government already exerts an influence over about 50 per cent of British shipbuilding capacity through its 100 per cent ownership of the Swan Hunter Group (the largest shipbuilding and repairing organization in Europe), the shipbuilding interest of Vickers, the Scott Lithgow group on the Lower Clyde, Yarrow (Shipbuilders), Vosper Thornycroft, Austin & Pickersall on the Wear, and the smaller companies of Robb Caledon, the Drypool group, Brooke Marine and Hall Russell & Co.

Add to that its scheduled minority stakes in Harland & Wolff and its 50 per cent interest in Cammell Laird Shipbuilders on Merseyside, and total state ownership looks a logical and attractive step.

But the uncertainty generated by the Government's plans, and the shipbuilders' reactions to them, are bound to create problems not least among the industry's customers. It is ironic that on the day the Minister should choose to outline his plans, the industry should announce its own figures showing a record order book of close on 7 million tons gross with a total value—excluding naval contracts—of £1,426m.

Even more encouraging, however, is the fact that over the six-month period, British shipbuilders have substantially boosted their levels of tonnage launched and completed compared with the corresponding period of last year.

The Government's plans are also holding up the industry's overdue expansion and investment projects, a delay which could imperil the industry's long-term future even if nationalization fails because the Labour Party cannot win a working majority in the next

election or finds itself in Opposition.

But for the moment the industry will be concerned with the discussion paper setting out aims and objectives as well as naming the companies to be taken in.

There will be two exclusions from the Government's shopping list—Harland & Wolff, which because of the special circumstances on Ulster is being brought under the wing of the Secretary of State for Northern Ireland, and Marathon Shipbuilding (UK), the American-owned offshore rig building company which Government figures put the market value of the nine quoted companies engaged mainly in shipbuilding at £24m based on ordinary share value at the end of June with book value of the net assets of those companies at the same date totalling £100m.

The recent Court Shipbuilders episode may provide some guide, however, and this involved the Government in providing a sum of some £16m. On companies' non-shipbuilding interests the discussion paper said: "Many of the larger shipbuilding companies have controlling or other holdings in overseas companies, or

The ship repairing interests of these companies together with nine other ship repairing companies would be brought into the fold, as would the six builders of slow speed diesel engines—Scotts Engineering, John G. Kincaid, Duxford Engines, George Clark and NEM, Hawthorn Leslie (Engineers) and Barclay Curie and Co.

Mr Benn was coy yesterday about the cost to the taxpayer of these acquisitions. The question of compensation was a complicated matter, but legislation when it appeared would provide for full compensation to be paid. Later, the Government figures put the market value of the nine quoted companies engaged mainly in shipbuilding at £24m based on ordinary share value at the end of June with book value of the net assets of those companies at the same date totalling £100m.

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in companies not engaged in shipbuilding, repairing or marine engine building. Such interests might be banded off, before nationalization, or, if acquired, be vested in the National Enterprise Board or sold by the Government as appropriate."

The Government also suggested that provision might be made for the later acquisition of partial or complete control of companies in these industries in addition to those brought into public ownership initially. Since the last major reorganization of the industry—the Geddes Committee report which brought forth the Shipbuilding Industry Board—the industry internationally has changed a great deal. Mr Benn was yesterday talking of greenfield site developments.

This sounds over-ambitious in the light of the oil crisis and its aftermath, which are having a profound effect on international trade. If world trade suffers a major recession then many of the ships now on order will be surplus to requirements and shipbuilding would be once again faced with a serious over-capacity problem.

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CONE

Business Diary: Code comfort? • Musical shares

Lord Drumalbyn, chairman of the non-statutory Advertising Standards Authority, is today seeing Shirley Williams, the Minister for Prices and Consumer Protection, at what promises to be a poignant meeting.

Lord Drumalbyn is calling to present the advertising industry's proposals for an overhaul of its voluntary code of advertising practice, in the hope that Mrs Williams will not set up a statutory watchdog fed by a levy on advertising expenditure.

Not only is Lord Drumalbyn a Conservative peer, but as Minister Without Portfolio in the last Tory Government, he has an archive of the Fair Trading Act. This was the measure that brought into being the Office of Fair Trading, one of whose concerns is advertising standards, and whose director-general, John Methven, reports direct to Mrs Williams.

Methven and Mrs Williams were at the Advertising Association's annual bingle at Brighton in May and they gave the industry a roasting that few of their audience are likely to forget. Methven, for instance, said that much of the work of the ASA and of its Code of Advertising Practice Committee was "post event", that things only got done after a complaint.

Unfortunately, he went on, complaints were not encouraged because, unlike in Canada, the industry and the media did not combine to publicize the code. Nor did the system have control over packaging, point of sale material or comparative pricing techniques. There were no public representatives on the CAP committee.



Connor sm, Connor Jun, MacKenzie and Pool: set it all to music, and they'd clean up

While Lord Drumalbyn was helping to shape the Bill that set up the OFT, the Opposition brought out a Green Paper in which it called for statutory control linked to a National Consumers' Council, financed to the tune of "millions rather than thousands" by a levy on advertising expenditure.

Now, Lord Drumalbyn would be a strange sort of Conservative if he did not prefer a voluntary to a statutory scheme and even if he didn't mind one way or the other the industry would lose what little face it has if found unfit to keep its own house in order.

The word last night was that Lord Drumalbyn will be able to tell Mrs Williams that the industry has agreed on tightening-up measures and to stomp up some cash—although it's not likely to be very much—for financing the extra staff the ASA will need for the policing. He's already seen Methven, who is probably the key to the matter. Methven has gone out of his way, publicly and privately, to give the industry

early warning of the risks it was running. Methven will shortly be off to Sweden to see how they order such things there, which hardly argues a loss of interest in the matter. And if Lord Drumalbyn can persuade Mrs Williams that the industry has done all it could, he may at least be able to show her that the lads mean well and that there's no need to do anything frightful before the election.

Discordant

There were discordant sounds a-plenty yesterday as the chairman, shareholders and employees of music publishers Boosey & Hawkes sought to stop the copyright of *Land of Hope and Glory* falling into American hands.

That was one of the issues involved in a strenuous action designed to fend off the election to the board of Frank Connor, Frank Connor, junior, and Warren MacKenzie, respectively chairman, chairman's son and chairman's son-in-law, of

the unquoted American music publisher, Carl Fischer Inc.

The elections were defeated on a show of hands, a decision speedily reversed by a poll, since Fischer has a stake of just under 48 per cent of Boosey.

The board was opposed by employees and by dissident shareholders, among them David Scott, son-in-law of Boosey's chairman, Kenneth Pool. In the face of "reservations" by Pool, the board last month elected Frank, junior, and MacKenzie as non-executive directors, and would have done likewise with Frank, senior, had he not been over 70, in which case his election had to go to the AGM.

The opposition fell into two main camps, whose common theme might have been summarized as "Vote go home!"

One wing, composed of employees, seemed to feel that it was a shame to see a fine, upstanding British company falling into American clutches. The other, somewhat less sentimental, objected to closer links with an American competitor who was not proposing to bid

for more shares, and was thought likely to use its influence to block attractive bids. For the pro-Fischer board, Boosey's deputy chairman, Hugh Barker, said that competition was "zero" in the United States and a "minimal" outside, since Fischer sold sheer music while Boosey sold copyrights (of which *Land of Hope and Glory* is one). Furthermore, there would still be seven other directors on the board, none of whom would be cyphers.

The dissidents were not having that. What was Fischer representation, when it knew so little about Boosey's stock-in-trade, and since three of the remaining seven directors were direct employees, were they not beholden to the owners of the biggest stake, Fischer? How could the board accept what one shareholder called an "American invasion" from an unquoted company, which on Pool's own admission put out no financial information about itself? Was not Fischer doing what it would not be allowed to do in the United States in taking up directorships in a competitor?

Frank, senior, rose to deliver a placatory prepared speech. Boosey, he said, was a great company, and he and his would work with the management to promote Boosey's interests, and therefore Fischer's. He laid the awkward questions to the man from Warburg's.

Well, would Fischer block a bid? Connor seemed to say no but Warburg's seemed to say yes. The meeting lasted 65 minutes, and could have just about been crammed on to an LP, and very good listening it would have made, too.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Fall in equities continues

The stock market had another poor session yesterday, with fears for the immediate outlook in the insurance world again taking first place among the disturbing factors.

An attempted rally was firmly flattened at mid-morning by news that British Airways faces cash problems and then by the disclosure of Government plans to nationalize the shipbuilders.

By the end of the session, market indices stood at fresh lows, with the last hour of trading bringing further falls in the wake of Wall Street's renewed setback. The FT index closed 6.1 points off at 236.4, its lowest level since July, 1959. The Times index shed a further 2.30 to 94.21. Recorded bargains of 5.72 suggested light selling. But the Times list of shares prices disclosed falls in 940 stocks, against rises in only 53.

The morning opened badly with insurance issues again unsettled. Shares in Prudential Assurance fell to 85p, reflecting City doubts regarding progress at United Dominions Trust, in which Prudential has a stake. Shares in United Dominions dipped to 36p.

Other insurance shares to turn down included Royal (196p), Guardian Royal Exchange (227p) and General Accident (105p). Shares in the insurance brokers, unsettled by comments upon the demise of Nation Life, also weakened—Bewley Group to 34p and Minet Holdings to 120p.

Shipbuilding issues took a turn for the worse on the Government plans to nationalize, but saw little turnover. Vickers weekend but closed above the worst at 97p, while Swan Hunter (66p) also closed lower.

Losses in the major industrial increased alarmingly as jobbers struggled to avoid sellers. ICI (196p), Unilever (264p), Beecham Grp (183p) and Fisons (205p) all recorded losses.

Both the major banks and the second-line lending stocks took a further beating yesterday. Barclays (188p) shed 7p.

Latest dividends

Company	Ord	Year	Prev
All dividends in new pence or appropriate currencies.			
Alfred Colvile (10p)	2.29	1.77	1.77
Batholomew Steel (10p)	2.29	1.77	1.77
East Boulton (10p) Fin	8.62	11.0	13.62
Centenary Secs (10p) Fin	1.5	1.5	1.9
Essex Qly	1.25	1.05	1.25
G. M. Fitch (10p) Fin	4.5	3.5	7.35
Hall & Earl (5p) Fin	0.69	0.65	0.69
LRC Int'l (10p) Fin	2.71	2.6	4.31
Nicholas Fin	3.56	3.5	6.55
Prop Security Inv (50p) Fin	1.82	1.58	2.37
Thames Plywood (25p) Fin	1.93	3.12	5.07
Viscose Dev (25p) Int	1.53	1.5	6.9
Wilkins & Mitchell (25p) Fin	2.24	2.15	15.10
Xerox Corp Qly	25	25	3.15

c Adjusted for scrip. * For 82-week period. † Cents a share.

M & D J wins more from Oriel

Increased terms have been agreed for Oriel Foods to acquire Morris & David Jones. When the deal was first mooted in July, 70p was the figure indicated for the ordinary. The rate now agreed is 76p cash a share (against 68p in the market); 32p cash for each 4 per cent preference; and 60p cash for the 71 per cent preference.

The deal values M. & D.J. at £8.92m, and will be accepted by the board.

Oriel, a food processing and wholesale subsidiary of R.C.A. Corporation of America, intends to expand M. & D.J.'s food distribution business along with industries was also interpreted as a bad omen for inflation control in this country.

"Shorits" opened 1 point lower and lost ground in the morning.

Interest-free loan of £105,000 through a six-month bill of exchange, was given to Napet, and thus enabling Napet to acquire a major stake in L. & G.

Mr Clive Raphael was chairman of L. & G. at the time. Before the bill came due he was killed in an air crash, and later attempts to present the bill "proved abortive". Mr Robin Auld, for the Department of Trade and Industry, said.

Wadham drops out of French deal

Early this year Wadham Springer the Hampshire-based British Leyland distributor set out to buy a controlling interest in Anova, which distributes B.L. products in France, for some £244,000 by instalments. But because the French Treasury insisted on cash straight away, Wadham are dropping the idea.

Bowthorpe expands in W. Germany

As part of its policy of enlarging its West German operations, Bowthorpe Holdings has increased its stake in the equity of Wago Kontakttechnik to 51 per cent. This has been achieved by buying a further 26 per cent of the equity at a cost of DM1.7m (£277,000).

The German company makes

proprietary screwless terminal blocks and ancillary products for the electrical and contracting industries, and has established markets throughout the EEC.

Bowthorpe sees considerable potential for increasing sales of Wago's products.

Christy in fresh bid talks

Christy Brothers, the Essex-based electrical engineering and contracting group, are at an advanced stage in negotiations to acquire a substantial shareholding in a public, unlisted company.

The Christy share price, which rose 15p to 355p on Tuesday, yesterday jumped a further 45p to 400p (giving a market capitalization of £1.6m) before the group requested a temporary suspension of the listing of the ordinary and preference shares.

Shareholders must await full details of the board's intentions and the group reorganization. A privately-owned investment holding company, Burne Investment Management, has a controlling 57.5 per cent interest in Christy. Earlier this year a plan for Christy, Winn Industries and Webb-Nash to merge was dropped.

WILLIAMSON TEA HOLDINGS LIMITED

The Tenth Annual General Meeting of Williamson Tea Holdings Ltd. was held on July 31 in London. Addressing the meeting the Chairman, Mr R. B. Magor, said:

"You will not wish me to comment on last year's results as these have been fully reviewed in the Report & Accounts and I hope you will find them satisfactory, except perhaps that in spite of a record profit the Company is only allowed to increase the distribution to shareholders by a net £460.

In mid-June, when our accounts went to Press, our crop was below that harvested in the previous year and as since then the shortfall has not been made up it seems probable that our production will be less than last year's. Against this reduction in output, tea prices have been good, with a strong Calcutta market. Our Assam second flush teas have been above average quality and have sold well above last year's rates at the Calcutta auctions. It is anticipated that the trend of higher prices will continue when the new season's teas are sold at the London auctions in September.

Even though worthwhile prices are now being paid to India and Africa for their teas, tea still remains the cheapest drink in the world except water, as at current retail prices the cost to the housewife of the tea leaves required to make one cup of tea is still under one fifth of a New Penny.

It is still too early to forecast the current year's prospects, particularly with rising costs, but we have been fortunate in obtaining all the fertilizers and tea boxes we need and as far as can be foreseen we will also have adequate supplies of fuel for the 1974 season. Therefore there is less danger that our production will be hampered by outside influences than had at one time been feared. We therefore continue to expect that reasonable profits will be made in 1974."

Fodens Limited

Major points from the circulated statement of the Chairman, Mr. William Foden, for the year 1973/74 appear below.

Results

Unprecedented political activity directly affecting industry through industrial relations, finance, overhead costs and materials, and culminating in the three-day week and overtime bans, resulted in a disappointing year, despite remarkably good co-operation and hard work by all employees.

Turnover £22,848,000 (up £5,368,000). Pre-tax profit £300,673 (down £843,353) is 1.3% on turnover. Recommended dividend of 3.140825p net per share.

Productivity and profit adversely affected on a wide front. The fuel crisis with resultant loss of working hours and strikes at two main component suppliers have combined with very high inflation and interest rates, at a time of price control, to reduce ability to carry increased costs temporarily created during modernisation and reorganisation programmes.

Government policy and manufacturing industry

Manufacturing industries are labour intensive. Increased costs related to the individual have dramatic effects on overhead rates, particularly if combined with material shortages and issues which curtail working hours. Uncovered overheads are desperately expensive and

outside actions or reactions which reduce ability to recover overheads have a major effect on profit in industry. The inborn engineering talent of British workers will be jeopardized unless Governments become more appreciative of the serious long term problems facing manufacturing industry.

Sales in UK and Overseas

The order book remained strong throughout 1973/74. Consolidation of distributor network and recent Ministry of Defence contracts give a wide spread to sales programmes and considerable confidence for the future. Export values increased by 45%.

Overseas markets, especially the Middle East, remained strong. Earthmoving equipment sales were particularly buoyant. Substantially improved trading results were reported from South Africa, where the new factory and staff are benefiting from improved market conditions.

Future outlook

The Company faces the future with confidence. The factory is now equipped to compete favourably with any other in the world. Specifications and designs are in the forefront and order books remain very healthy. Provided there are no further unforeseen setbacks, a complete recovery to profitable trading is anticipated and is supported by the factory's performance in the first quarter of 1974/75.



FODEN
the truckmakers

Fodens Limited, Elworth Works, Sandbach, Cheshire CW11 9HZ
Phone: Sandbach 3244 (16 lines) Telex: 36163
London Sales Office: 10 Hanover Street, London, W1 Phone: 01-499 6932

Business appointments

Finance head at Royal Dutch/Shell

Mr J. H. Macdonald has been appointed finance controller of the Royal Dutch/Shell Group.

Mr Christopher Chawley, MP, is joining the board of Fisons as a non-executive director.

Mr A. N. Dyer, deputy managing director of Beaverbrook Newspapers, has been made a director of the main board of Beaverbrook Newspapers.

Mr G. Martin-Jenkins has been appointed a director of Eilemann Lines.

Mr H. Eastwood becomes a director of Lloyd's Life Assurance. He is deputy chairman and joint managing director of C. E. Heath and managing director of C. E. Heath (Underwriting).

Mr J. Weston has joined the board of WGI.

Sir Colin Anderson has retired from the board of Midland Bank.

Mr R. C. Talling did not seek reelection at yesterday's annual meeting of London Tin Corporation in view of the arrangements made under which Slater Walker is to dispose of its investment in Haw Par Brothers International. Mr Talling accordingly has ceased to be a director.

Mr Arthur Green has been appointed chairman and Mr R. K. Black a director of Arncliffe Centre Shop Properties. Mr Clive Campion joins the board of Electronic Rentals (Management Services), G. A. Hubbard and Eastern Commerce Credits.

Mr G. W. Porter has joined the board of Flathead Advertising Partnership.

Mr Ronald Moss, regional director for Forward Trust in Scotland and Ireland, has gone on to the main board.

Mr G. Waugh is to be deputy general manager of Scottish Life Assurance from October 1. Mr W. M. Morrison becomes deputy general manager. Mr G. M. Murray assistant general manager and investment manager and Mr A. F. J. Limb secretary and property manager, also on that date. Mr J. M. Denholm, deputy general manager of the company for the past 19 years, retires on September 30.

Mr George Howard is to be chairman of the West and Livestock Commission from October 1.

Mr D. R. Harvey has been named director, finance and public affairs, of Whitecroft.

Mr Orlando Oldham has become a director of Automatic Light Controlling.

Mr S. Waldron has joined the board of Employment Conditions Abroad and has been appointed chairman.

The following have been made divisional managing directors by the Conder group: Mr G. Kiley, Conder buildings overseas; Mr W. C. Robinson, Conder buildings in United Kingdom; Mr A. F. J. Russell, finance and development; Mr P. Wild, mechanical and electrical.

Mr G. N. C. Flint has joined the board of Whitecroft.

Mr Jacques Malinrouge, chairman and chief executive officer of IBM World Trade Europe/Middle East/Africa Corporation and senior vice-president of International Business Machines Corporation, has been elected to the board of directors of Philip Morris Incorporated.

Mr S. M. Smyth, at present joint managing director, with Mr W. J. R. Doran, of the McNeill Group, has been appointed group managing director with effect from January 1, 1975, on the retirement of Mr Doran. Mr Doran will remain with the group as a non-executive director.

Mr M. W. Petford has been made a director of Golding Adam (Underwriting Managers). Mr E. W. Duffin, Mr E. Jackson and Mr P. J. Laker become assistant directors of Golding Adam (Reinsurance Brokers).

Mr Gerry Lucas has joined the main board of Format Arts. He will continue as sales director.

Mr J. R. Robelin has taken over managing director of Concept Pharmaceuticals in addition to his position of chairman, pending the appointment of a new managing director.

Mr R. Young joins the board of Carr's Mining Industries.

Mr N. G. Willcock has joined the board of Anglia Commercial Properties.

Mr G. J. Pearce has been appointed managing director of Tip-top Book Services.

Mr Derek Whitmore has been made a director of Kossel Carpets, a subsidiary of Carpets International.

Mr I. F. Todd has been elected a director of R. A. Dyson.

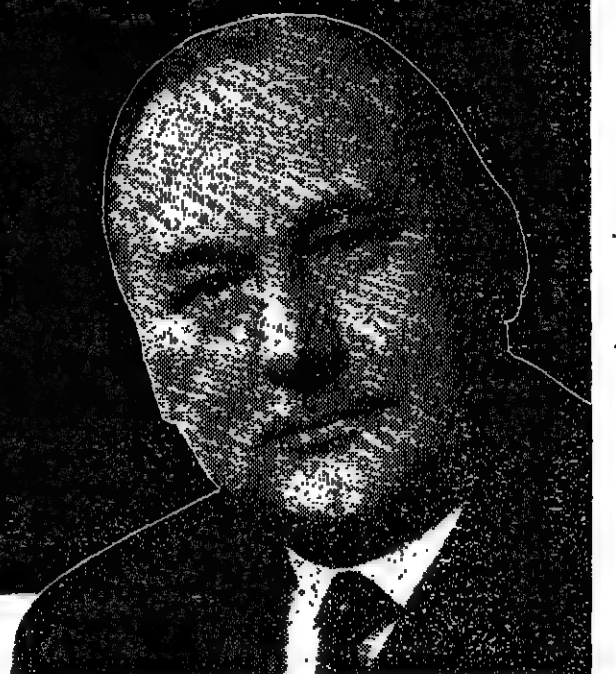
Mr R. Gordon-Martin has been made marketing director of Daks-Slimpex.

Johnson Matthey report another year of outstanding progress

"... we are well placed to take our full share of the business available to us..."

Lord Robens

Chairman of the Johnson Matthey Group



Extracts from the report of Lord Robens presented to the Annual General Meeting on 31st July 1974

For the year ended 31st March 1974, the Group's pre-tax profits were £15.1 million. This includes our share of profits in associated companies. The directors recommend a final dividend on the ordinary shares of 9.394 pence per share, making a total of 9.394 pence for the year. This is the maximum permitted by current UK legislation.

Highlights of the year

For most of our operations, orders obtained exceeded our productive capacity.

The demand for platinum metals was strong and we sold the whole of the quantities available.

Thanks to the inventiveness and energy applied at all levels, the effects of several weeks of restricted power supplies in the UK were not severe.

Exceptional increases in the market prices of gold and silver required the use of more working capital and inflated the value of our basic stocks.

Outlook

We have started the new year with a good volume of orders in hand in most of our worldwide operations but the effects of inflation and soaring prices of metals and other materials are hard to forecast.

Capital expenditure has been at the relatively high level necessary to replace outmoded equipment with its more expensive modern equivalent and to build in the amount of expanded capacity that we consider prudent, so we are well placed to take our full share of the business available to us. For the coming year we plan to authorise somewhat higher capital expenditure aimed at the organic growth of a business we understand.

Members of the public who would be interested in receiving a copy of the Directors' Report and Statement of Accounts are invited to apply to the Company Secretary.

Year ended 31st March 1974

Group pre-tax profits	£15.09 million	Ordinary share dividend	9.394p
Taxation	£7.19 million	Retained	£6.24 million

5 YEARS' COMPARISON OF RESULTS

	1974	1973	1972	1971	1970
Profit of the Group before taxation	£15,091	£10,942	£5,083	£6,256	£9,224
Profit of the Group after taxation	7,906	6,291	2,915	1,099	4,792
Total distribution to shareholders, net	1,805	1,480	1,308	1,293	1,255
Retained	6,244	4,404	713	1,882	2,615
Capital employed	71,878	55,293	46,121	45,778	47,765



JOHNSON, MATTHEY & CO., LIMITED

78 Hatton Garden London EC1P 1AE

UNITED ENGINEERING INDUSTRIES LIMITED

Unaudited Results for the six months ended 31st March, 1974

UNITED ENGINEERING INDUSTRIES LTD. announce unaudited pre-tax profits of £155,000 for the six months ended 31st March, 1974. (Estimated Corporation Tax at 52% = £81,000). These figures compare with £212,000 (tax at 40% = £85,000) for the six months to 31st March, 1973.

	1974	1973
Turnover	£500's	£500's
Profits	£000's	£000's
Engineering Division	725	163
Motor Division	2,510	115
Plant Hire Division	498	10
	288	342
Deduct: Holding Company Expenses (Finance Charges £63,000)	102	99
	186	243
Loan Stock Interest	31	31
	155	212
Taxation at 52% (40%)	81	85
	74	127
Exceptional Items:		
Profits on disposals of properties, trading and closure losses and interest charges on Subsidiaries sold or closed, less allowance for taxation	17	—
	91	127

Comparisons between the two half years are made difficult due to the Board's declared policy of disposing of, or closing, less profitable Subsidiaries. The Engineering Division includes Dunsley Heating, but excludes the Machine Tool Companies, and the reduction in turnover and profits on the Motor Division reflects the sales of Croft & Skurveys and the closure of Truck Cooler.

Borrowings have been reduced by approximately £1.75m since 30th September, 1973 thus strengthening the overall financial position of the Group. The direct effects will be of assistance to the second half year's profits to some extent, but the full benefits remain to be derived in 1974/75.

Although profits for the full year will not match those achieved in the year to September 1973, the profits in the second half will comfortably exceed those earned in the six months to 31st March, 1974.

This being the case it is the Board's intention at least to maintain the total gross dividend at the level of 2.5p per share paid last year. As a measure towards equating the interim and final payments, a net dividend of 502.5p per share, equivalent to 7.5p per share gross, is now declared and will be paid on 30th August, 1974, to members on the Register at 2nd August, 1974.



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